INITIAL COMPANY INFORMATION AND DISCLOSURE STATEMENT

Pursuant to Rule l5c2-(11)(a)(5) under the Securities Exchange Act of 1934

December 12, 2011

GNCC CAPITAL, INC.
848 N. Rainbow Blvd
Suite 1460
Las Vegas, NV 89107
Phone: 954-357-0740

38013E203 (CUSIP)

TRADING SYMBOL: GNCP

GNCC CAPITAL, INC.
INITIAL COMPANY INFORMATION AND DISCLOSURE STATEMENT
PURSUANT TO RULE 15c2-(11)(A)(5)

All information contained in this information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule l5c2l1 (a)(5) promulgated under the Securities Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the rule.

Part A: General Company Information

Item 1 The exact name of the issuer and its predecessor(if any).

GNCC Capital, Inc. (formerly known as Global National Communications Corp.)

Item 2 The address of the issuer's principle executive offices.

GNCC Capital, Inc.
848 N. Rainbow Blvd
Suite 1460
Las Vegas, NV 89107
Phone: 954-357-0740
Website: www.GNCC-Capital.com
Investor Relations: Through Company at ir@gncc-capital.com

Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization.

Originally incorporated in the State of Nevada on October 5, 2000 under the name Zeolite Mining Corporation. On November 18, 2004, name changed from Zeolite Mining Corporation to Global National Communications Corp. The Company was domesticated to Delaware under Delaware law on, September 28, 2008

Part B: Share Structure

Item 4 The exact title and class of securities outstanding.

TradingSecurity Symbol: GNCP
CUSIP Number: 38013E203
Common Stock: 500,000,000 common shares authorized
As of September 30, 2010: 191,133,470 common shares outstanding
As of September 30, 2011: 203,133,470 common shares outstanding
As of December 12, 2011: 203,133,470 common shares outstanding

Item 5 The par or stated value and description of the security.

Par or stated Value.

The company only has one class of shares with 500,000,000 of these common shares authorized and with a par value of $0.0001.

Common or Preferred Stock:

Any holder of common shares of the company is entitled to dividends declared by the board of directors and has the right to vote at any meeting of the stockholders. Holders of common shares have no pre-emption rights.

There is no preferred stock in the company.

There are no special material rights of common shareholders.

There are no provisions in the company's charter or bylaws that would delay, defer, or prevent a change in control of the issuer.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized.

AS OF DECEMBER 12, 2011:

(i) There are 500,000,000 shares of common stock authorized with $0.0001 par value. There is no authorized or issued preferred stock.

(ii) 203,133,470 shares of Common Stock issued and outstanding. There are no preferred shares outstanding.

(iii) There are approximately 19,668,890 shares freely tradable.

(iv) The Company has 66 beneficial shareholders.

(v) The Company has approximately 66 shareholders of record.

AS OF THE YEAR ENDED September 30, 2011:

(i) There were 500,000,000 shares of common stock authorized with $0.0001 par value. There is no authorized or issued preferred stock.

.

(ii) 203,133,470 shares of Common Stock issued and outstanding. There are no preferred shares outstanding.

(iii) There were approximately 496,880 shares freely tradable.

(iv) The Company had 66 beneficial shareholders.

(v) The Company had approximately 66 shareholders of record.

AS OF THE YEAR ENDED September 30, 2010:

(i) There are 500,000,000 shares of common stock authorized with $0.0001 par value. There is no authorized or issued preferred stock.

(ii) 177,133,470 shares of Common Stock issued and outstanding. There are no preferred shares outstanding.

(iii) There were approximately 496,880 shares freely tradable.

(iv) The Company had 65 beneficial shareholders.

(v) The Company had approximately 65 shareholders of record.

Part C Business Information

Item 7 The name and address of the transfer agent.

Madison Stock Transfer Inc.
1688 E 16th Street
Brooklyn, NY 11229-2935
Phone: 718-627-4453

Madison Stock Transfer Inc. is registered under the Exchange Act and is an SEC approved Transfer Agent. The regulatory authority of the Transfer Agent is the SEC.

Item 8 The nature of the issuer's business.

GNCC Capital, Inc. is engaged in the exploration of mineral resources. The company presently has mineral rights to three Arizona gold exploration properties and three Arizona silver exploration properties.

.

A. Business Development

1. GNCC Capital, Inc. was incorporated in the State of Delaware on September 28, 2008. Following completion of a Delaware Holding Company Reorganization on October 16, 2008, it owned all of the capital stock of 4PL, Inc., a Delaware corporation, which was subsequently sold preparatory to the acquisition by GNCC Capital, Inc. of its gold and silver exploration properties

2. The year that the organization was organizedform of organization of the issuer:

   Originally incorporated in the State of Nevada on October 5, 2000 under the name Zeolite Mining Corporation. On November 18, 2004, name changed from Zeolite Mining Corporation to Global National Communications Corp. The Company was domesticated to Delaware under Delaware law on September 28, 2008. Currently GNCC Capital, Inc. is a Delaware Corporation

3. The issuer's year end date is September 30.

   The Date that the issuer was organized:

   The Corporation was incorporated on September 28, 2008

   The issuer's fiscal year end date:

   Our fiscal year end is September 30.

4. The Company has never been in bankruptcy, receivership, or any similar proceeding.:

5. Except as set forth below, there has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets of the issuer:

   The Company was party to a Delaware Holding Company Reorganization. See Item 8.A.1 above.

   The Company acquired its mining assets through several acquisition transactions. See Item 8.A.8 below.

6. Except as set forth below, the issuer has never defaulted underon any of the terms of any note, loan, lease, or other indebtedness or financing arrangement under which requiring the issuer is required to make payments.

   The Company's convertible notes were not paid on the initial due dates.

   However, the holders of the Company's convertible notes issued on May 3, 2010 in the total amount of $9,184,000 did not call a default but consented to an extension of the due date to May 3, 2014 from the initial due dates of May 3, 2011.

   However, the holders of the Company's convertible notes issued on September 2, 2010 in the total amount of $4,000,000 did not call a default but consented to an extension of the due date to September 2, 2014 from the initial due dates of September 2, 2011.

However, the holders of the Company's convertible notes issued on September 29, 2010 in the total amount of $1,800,000 did not call a default but consented to an extension of the due date to September 29, 2014 from the initial due dates of September 29, 2011.

However, the holders of the Company's convertible notes issued on December 2, 2010 in the total amount of $1,800,000 did not call a default but consented to an extension of the due date to December 2, 2014 from the initial due dates of December 2, 2011.

7 The issuer did not have a change of control in the last fiscal year ended September 30, 2011. There was a change of control during the previous fiscal year ended September 30, 2010, as follows:

In April 2010 Joseph Bartel, the Company's then-controlling shareholder, sold 1,666,667 shares to an unrelated third party. Following the issuance of 118,000,000 shares by the Company on May 3, 2010 to 16 different sellers in connection with its initial acquisition of three silver exploration properties and one gold exploration property, the Company ceased to have a controlling stockholder.

8. Except as set forth below, the issuer has not had any increases of 10% or more of the same class of outstanding equity securities:

The Company issued 12,000,000 common shares to Mr. R Y Lowenthal on April 30, 2010 in respect of his Service Agreement at a deemed price of $240,000.

The Company issued 97,000,000 common shares to 15 different sellers on May 3, 2010 in order to acquire its initial three Silver Exploration Properties at a deemed price of $1,940,000.

The Company issued 21,000,000 common shares to 15 different sellers on May 3, 2010 in order to acquire its "Ester Basin" Gold Exploration Properties at a deemed price of $420,000.

The Company issued 30,000,000 common shares to 15 different sellers on September 2, 2010 in order to acquire its "Clara" Gold Exploration Properties at a deemed price of $600,000.

The Company issued 14,000,000 common shares to 15 different sellers on September 29, 2010 in order to acquire its "Burnt Well" Gold Exploration Properties at a deemed price of $280,000.

The Company issued 14,000,000 common shares to 15 different sellers on December 2, 2010 in order to acquire additional mining claims at one of the silver mining properties at a deemed price of $280,000.

The Company issued 12,000,000 common shares to Mr. N E Blom on September 29, 2011 in respect of his Service Agreement at a deemed price of $50,100.

9. Except as set forth below, the issuer has not had a past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:

The Company was party to a Delaware Holding Company Reorganization. See Item 8.A.1 above.

There was a one (1) for fifteen (15) reverse stock split effective as of November 13, 2008.

10. The issuer has not had a delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board.

The Company's common stock trades over the counter and is quoted on OTC Markets.:

11 The issuer does not have any, current, past, pending, or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator.

The Company has no outstanding litigation, judgments or the like.

B. Business of Issuer

GNCC Capital, Inc. is engaged in the business of exploration and development of precious metals. It presently owns three Arizona gold exploration properties and three Arizona silver exploration properties. Summary property descriptions follow:

l. The Primary SIC code for the Company is 1000-Metal Mining; with a secondary SIC code of 1040 - Gold and Silver Ores.

2. The Company is in the exploration stage, and has mining claims in the State of Arizona.

3. The issuer is not considered a "shell company" pursuant to SEC Rule 405 of the Securities Act of 1933.

4. The Company has no parent, subsidiary or affiliated companies.

5. The Company does not foresee any costs and/or effects of compliance with (federal, state, and local) governments as a gold mining and exploration company other than industry norms.

6. The Company has not spent any applicable time during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.

7. Costs and effects of compliance with environmental laws (federal, state and local).

   The Company is currently in compliance with all material environmental regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays or even cancellation of planned mining activities, the extent of which cannot be currently predicted. The Company is not producing any products that are hazardous to the environment and does not foresee any changes that could adversely affect the environment.

8. At present, the Company has no employees. We currently conduct our business through agreements with consultants and third parties.

Investment Policies

1. Investments in real estate or interest in real estate.

   The Company does not intend to invest in any real estate properties at this time.

2. Investments in real estate mortgages.

   The Company does not intend to invest in any type of real estate mortgages.

3. Securities of or interests in persons primarily engaged in real estate activities.

   The Company does not intend to invest in any persons primarily engaged in real estate activities.

MINING PROPERTY RIGHTS HELD BY THE ISSUER:

GOLD PROPERTIES:

1. Clara Gold Project Property Description:

The Clara Gold Project is located on approximately 480 acres of mining claims in the Santa Maria Mining District in La Paz County, Arizona. There are 24 lode mining claims on land administered by the Bureau of Land Management ("BLM"). Access is obtained by Swansea Rd and Lincoln Ranch Road, which proceed approximately 15 miles north from Arizona Highway 72 at Bouse, Arizona.

The Clara Gold property consists of a Tertiary age sandstone and conglomerate upper plate which has been detached over the top of a lower plate of Precambrian age quartz-feldspar-chlorite gneiss. The gneiss has been intensely brecciated along both the detachment surface and where it has been cut by high angle structures. Clara has exposures of gold and copper in the upper plate, developed by numerous shafts and adits on Gold Hill. Mineralization is dominantly free gold (disseminated and leaf form) and micron gold, along with massive or fracture filling specular hematite, chrysacolla, malachite, barite, fluorite, quartz, calcite, chlorite and manganese oxides. The high angle structures appear to have served as conduits tapping a large deep seated copper / gold system.

Underground sampling by Nevada Pacific, a previous owner, averaged .091 ounces per ton gold, and included a section of continuous chip / channel samples that averaged 0.162 ounces per ton gold over 85 feet. Nevada Pacific's initial drilling included intervals of 45 feet @ 0.097 ounces per ton gold and 15 feet @ 0.089 ounces per ton gold. The Company intends to conduct initial sampling to validate Nevada Pacific's reported results, following which the Company will attempt to develop drill targets at the property.

Clara Exploration History

Exploration materials are available dating back to 1982, when the property was originally acquired by American Gold Minerals Corp., which assigned their interest to Goldsil Mining & Milling, Inc. Goldsil drilled 16 holes and encountered values of up to 0.8 ounces gold per ton (upper plate) and up to 0.10 ounces gold per ton in the gneiss (lower plate), with a resource estimate of up to 400,000 tons of mineralized rock. Goldsil drilled 14 more holes in the south central portion of Section 3 (south of Moreau Hill). A 1986 report described E / W high-angle faults dipping 5 to 10 degrees to the SSE, weak silicification extending into the (lower plate) gneiss and stockwork silica veinlets in the gneiss close to the contact with a breccias zone 5 to 30 feet thick.

In 1986 Phelps Dodge drilled 18 air hammer holes and reported consistent low-grade gold values in Section 35 (Clara Mine area), with estimates of 2,000,000 tons of mineralized rock grading 0.1ppm gold. Work by Gold Fields in 1990 and 1992 was intended to investigate magnetic anomalies and described NE trending structures along the east side of Moreau Hill, as well as the possibility of a lower detachment surface. Some of the gold observed was described as coarse, with detectable flakes, leading to consideration of the possibility of gravity concentration.

Nevada Pacific acquired the property in 1997. Their surface sampling returned gold values of up to 0.652 ounces gold per ton and copper values of up to 20% copper. Underground sampling returned up to 0.512 ounces gold per ton with copper values up to 2.59%. The 36 samples taken by Nevada Pacific averaged 0.091 ounces gold per ton and included a section of continuous chip / channel samples which averaged 0.162 ounces gold per ton over 85 feet. Nevada Pacific then drilled nine holes at Moreau Hill, which included intercepts of 45 feet grading 0.097 ounces gold per ton and 15 feet grading 0.089 ounces gold per ton. The property was then optioned by Echo Bay, which unsuccessfully attempted to drill a barren covered area to the south (not included in the current Clara Gold Project) on the basis of biogeochemical sampling. The project vendors acquired the property from Cordex, and there is an underlying 2% net smelter returns royalty payable to Cordex from the property's production.

Regional Geology

The regional geological setting is a major east / west detachment fault (called the "Buckskin / Rawhide Detachment Fault"). Mineralization is found in quartz veins and breccia zones hosted by the upper plate and lower plates. Detachment fault deposits were first recognized as a separate form of gold deposit in the 1980's. The best example of an Arizona detachment gold deposit is probably the Copperstone Gold deposit, which like Clara is in the highly extended Western Arizona terrane, as well as in the "Walker Lane" gold trend. Cyprus Gold mined the approximately 500,000 ounce Copperstone open pit gold resource during the 1980's, and another mining company is presently assessing the feasibility of mining the underground gold resource at Copperstone. Unlike the upper plate Copperstone deposit, gold mineralization at Clara is found in both the upper plate and in the lower plate, as well as in the fault contact area itself. The gold is frequently found in breccias zones with quartz and copper mineralization, which at the surface is frequently in the form of blue – green chrysocolla or green malachite. Also associated with the gold are iron oxides (including hematite), which makes magnetic anomalies potential exploration targets.

Mineralization at the Clara Gold Mines

There are dozens of mine shafts, adits, open pits and other mine workings at the Clara Gold Project. The area was historically developed by the Clara Consolidated Gold & Copper Mining Co. in the early 1900's, and is comprised of two groups of mining claims, called the Clara Mine in the northeast portion of the property and the Moreau Mine in the southwest portion of the property. The property is comprised of 12 unpatented lode claims at the Clara Gold Mine, 6 unpatented lode mining claims at the Moreau Gold Mine, and 6 unpatented mining claims covering mineralized ground between the two mines, making the property a contiguous group of 24 unpatented lode mining claims (480 acres).

Clara Gold Mine

In the area of the open cut at the southwest end of the Clara Gold Mine (McClelland Lode Claim) there is mineralization along the Buckskin / Rawhide detachment fault. Brecciated volcanic rocks above a 1 to 2 meter thick gouge zone contain chalcopyrite, bornite and relict pyrite cubes. Chrysocolla, malachite and selenite are present in fractures. Rocks below the fault are shattered, silicified mylonitic gneisses with fractures containing drusy quartz (1-2 mm crystals), chrysocolla, and specular hematite. Irregular veins of chrysocolla and quartz-hematite-chrysocolla, up to 1 cm thick, cross cut brecciated lower plate rocks. Drusy quartz fills fractures in and along the actual fault zone, and apparently post-dates fault movement. Hematite below the fault in breccias-gouge is late to post-fracturing.
Further to the northeast in the vicinity of the shaft at the northern end of the Klapetsky claim, there is continued mineralization along the Buckskin / Rawhide detachment fault. Shattered chloritic breccias below the fault contain malachite – chrysocolla-hematite-drusy quartz in fractures. Late-stage selenite fills fractures in the upper plate.

At the northeast corner of the Clara Gold Mine in the vicinity of the historic mining camp (Josephine, Wilson and Hazel Lode Claims), many of the shafts, adits and open pit workings are located along and just above the Buckskin / Rawhide detachment fault. Highly fractured upper plate rocks contain chrysocolla (copper oxide) on fracture surfaces. Zones up to 50 cm thick contain quartz, calcite, hematite and manganese oxides. Hematite (iron oxide) staining is pervasive. Mineralized zones typically follow northeast – striking, southeast – dipping shears. The host is silicified and shattered Tertiary sandstone and possibly Tertiary volcanic or hypabyssal rocks.

Moreau Gold Mine

On the northwest flank of Moreau Hill, chrysocolla-malachite-quartz-calcite-botryoidal hematite-silicified hematite is found above and adjacent to the Buckskin / Rawhide detachment fault along gently dipping fractures in Tertiary volcanic breccias. On the southwest flank of Moreau Hill, there are underground workings in crushed rocks along the buckskin / Rawhide detachment fault. Fractures in upper plate silicic Tertiary volcanic or hypabyssal rocks contain hematite, chrysocolla and malachite.

East of Moreau Hill, there is brecciated conglomerate with silica-hematite matrix located above and next to the Buckskin / Rawhide detachment fault. Gently dipping fractures contain much limonite stain and red to black hematite. Sparse gypsum is also present. Further east of Moreau Hill, in the area between the Moreau and Clara Gold Mines, there are adits in crushed rocks along the Buckskin / Rawhide detachment fault. Chrysocolla – malachite-hematite-barite are present in fractures in the fault zone. Another adit 60 meters to the northwest is along an upper plate shear zone containing chrysocolla-malachite-quartz-hematite with quartz occurring primarily as fine-grained coliform overgrowths on other minerals.

2. Burnt Well Gold Project Property Description:

The Burnt Well Gold property is comprised of 9 unpatented lode mining claims (approximately 160 acres) in the Harcuvar Mining District, about 20 miles from the town of Wenden, in La Paz County, Arizona. It is near the northern flank of the eastern Harcuvar Mountains in the eastern portion of Butler Valley. Access is by taking Alamo Road, a paved road, 20 miles north from Wenden, then proceeding east for 6 miles over an unpaved road to the property. The land is administered by the US Bureau of Land Management (BLM). Burnt Well is a former Cordex Exploration Co. (“Cordex”) project which includes the historic Silver Lining Mine. There are several shafts, pits and dumps on the property, which explored complex structural zones in the Tertiary hanging wall rocks, just above a regional detachment fault known as the “Bullard Detachment Fault.”

The Tertiary rocks are andesite flows, well-bedded siltstones and conglomerates. In the vicinity of the Silver Lining Mine, the upper plate is intensely altered and shattered. The principal outcrop at the Silver Lining Mine is approximately 40 to 80 meters from the detachment fault. The sedimentary rocks on the mine dump contain hematite, chrysocolla, calcite and sparse manganese oxides. Gold, silver and copper mineralization is found in the altered sedimentary rocks. The lower plate rocks, below the Bullard Detachment Fault, do not appear to be mineralized, and include a variety of metamorphic rocks including Precambrian mylonitic gneiss.

Cordex sampling of gold mineralization along structures at the main Burnt Well shaft and adit reportedly yielded gold values up to 34 g / t (1.0 ounce per ton). Also of interest are disseminated gold values ranging from 0.34 to 1.03 g/t (0.01 to 0.03 ounce per ton) in silicified Tertiary siltstones, over widths of 20 feet or more. The Tertiary rocks in the project area are mostly covered by thin pediment gravels. However, two shallow shafts (the "Southwest Shafts") about 1.6 kilometers (1.0 mile) southwest from the Silver Lining Mine, yielded a sample of 3.4 g / t (0.01 ounce per ton) of gold from Tertiary andesite.

Exploration plans include follow-up on magnetic anomalies found by a Cordex surface magnetic survey, as well as additional sampling and geophysical work designed to outline targets for drilling.

Burnt Well Mining District Geology

The upper plate of the Bullard detachment fault contains a conglomerate unit with cobbles and pebbles up to 30 cm diameter of mylonitic gneiss, chloritic breccias, foliated and unfoliated granitic rocks, Tertiary intermediate volcanic, Paleozoic quartzite and limestone, reworked Tertiary sandstone and conglomerate. Clast composition varies from outcrop to outcrop. Mylonitic gneiss and chloritic breccias form 0 to 10% of the clasts. Paleozoic quartzite and limestone form 0 to 10% of the clasts. The stratigraphic sequence of the Miocene sedimentary and volcanic units is not yet known, except that the conglomerate unit overlies the sandstone unit at one location near the Silver Lining Mine.

Near the southwest corner of the claim block, a moderate to steep, northeast – trending fault is marked by a gouge zone with steeply dipping shears Tertiary volcanic rocks are present in the crush zone of this fault. The outcrop here is on strike with linear color contrast to the northeast, clearly visible on air photos that is parallel to the Harcuvar Mountain range margin and is inferred to be a high-angle fault based on this exposure.

Silver Lining Mine Mineralization

The main shaft and adit are in the upper plate, in tan and maroon Tertiary siltstone, within the conglomerate unit, located approximately 40 to 80 meters from the Bullard detachment fault. Tertiary sedimentary rocks in the mine dump contain hematite, chrysocolla, calcite and sparse manganese oxides.

Mineralization at the Southwest Shafts

The Southwest Shafts are sunk in the upper plate of the Bullard detachment fault in Tertiary conglomerate. There is sparse chrysocolla and hematite stain on mine-dump rocks. Approximately half a mile further southwest, near the southwest corner of the claim block, there is a prospect on a quartz-barite vein in locally calcareous Miocene sandstone.

3. Ester Basin Gold Project Property Description:

The Ester Basin gold property is located on approximately 100 acres of mining claims (five unpatented lode mining claims) in the Owens Mining District in southern Mohave County, Arizona. There are five unpatented lode mining claims on land administered by the Bureau of Land Management ("BLM"). "). Access is obtained over Alamo Lake Road, an all-weather unpaved road that runs south from I-40 starting at Yucca, Arizona.

Ester Basin Gold is in the Upper plate of the Buckskin – Rawhide Detachment Fault. Gold mineralization is found in silicified quartz breccia zones throughout the property, in a country rock of Precambrian gneiss. There are numerous shafts, glory holes and other historic mine workings along a 1+ mile ESE trend.

Regional Geology

The regional geological setting is a major east / west detachment fault (called the "Buckskin / Rawhide Detachment Fault"). Striking northwesterly from this detachment fault for approximately 15 miles is a high angle fault (called the "Sandtrap Wash Fault"), which may have localized mineralization associated with the major detachment fault. Mineralization is found in quartz veins and breccia zones hosted by the upper plate in close proximity to the Sandtrap Wash Fault. In most cases the upper plate country rock is Precambrian granite or gneiss. In addition, the lower plate of the detachment fault, which is located to the south of the detachment fault, hosts similar mineralization as the upper plate, which strongly suggests that there is a stacked system of detachment faults, such that the lower plate of the Buckskin Rawhide detachment fault is in turn the upper plate of another detachment fault lying further to the south.

Detachment fault deposits were first recognized as a separate form of gold deposit in the 1980's. The best example of an Arizona detachment gold deposit is probably the "Copperstone" Gold deposit, which like "Ester Basin" is in the highly extended Western Arizona terrane, as well as in the "Walker Lane" gold trend. Cyprus Gold mined the approximately 500,000 ounce "Copperstone" open pit gold resource during the 1980's, and another mining company is presently assessing the feasibility of mining the remaining underground gold resource at "Copperstone". The gold is frequently found with quartz and copper mineralization, which at the surface is often in the form of blue – green chrysocolla or green malachite. Also associated with the gold are iron oxides (including hematite), which makes magnetic anomalies potential exploration targets.

Ester Basin Mineralization

At the Northwest Shaft there is barite-calcite-chrysocolla-malachite-manganese oxides-hematite mineralization and minor quartz in fractures in Precambrian granite. The fractures trend N 13 degrees E and dip 40 degrees E. Feldspars in host granite are altered to an amorphous gray clay mineral. A few hundred feet to the SW, there are manganese oxides – calcite-chrysocolla-hematite-specular hematite in another shear zone trending N 10 degrees E and dipping 20 degrees SE. Again, the host rock is Precambrian granite. About 2,000 feet south from the Northwest Shaft, there is quartz-calcite with subordinate hematite, copper oxides, manganese oxides, fluorite, and barite within a shear zone trending N 30 degrees E and dipping 55 degrees SE. The host rock is Precambrian granite in which feldspars have been altered to white clay. Hematite coats abundant fractures in granite. Nearby small quartz-calcite veins trend N 20 degrees W. Mafic minerals are also altered to oxides. A few hundred feet to the Southwest, there is quartz-calcite-chalcedonic quartz, with minor barite, in a fracture zone trending due north, dipping 50 degrees E. The host rock is locally silicified middle Tertiary basal arkose.

At the Central Shaft, which is about 2,000 feet southeast from the Northwest Shaft, there is mineralization in the absence of apparent shearing, including calcite-barite-quartz with minor copper oxides. The calcite is white and coarsely crystalline. Vugs are lined with fine-grained quartz that is coated with limonite. A fine grained dioritic dike trending N 80 degrees W and dipping 55 degrees S has been mined.

The Southeast Shaft is about 3,000 feet southeast of the Central Shaft. Mineralization includes fluorite-hematite-chrysocolla-malachite-quartz-relict pyrite (now iron oxides) in a one meter wide shear zone trending N 70 degrees W and dipping 55 degrees NE. The host rock is Precambrian granite in which feldspars have been altered to sericite and clay minerals. Hematite, copper oxides and relict sulfides are present.

Grab samples taken from these areas of mineralization had the following values:
Sample 01-07-15-002: gold 0.185 oz /T; silver 0.60 oz /T; copper 1.640%
Sample 01-07-15-003: gold 0.126 oz/T; silver 1.10 oz/T; copper 0.939%
Sample 01-07-15-004: gold 0.412 oz/T; silver 0.60 oz/T; copper 1.940%
Sample 01-07-15-005: gold 0.024 oz/T; silver 0.15 oz/T; copper 1.230%
Sample 01-07-22-001: gold 0.013 oz/T; silver0.15 oz/T; copper 1.760%
Sample 01-07-22-002: gold <0.001 oz/T; silver 0.15 oz/T; copper 0.015%
Sample 021-02/19/2008: gold 0.292 oz/T; silver <0.05 oz/T; copper 0.696%

Previous Exploration Work

The Ester Basin gold deposit was previously included in a Phelps Dodge gold project during the 1980's. Phelps Dodge did geochemistry and magnetic surveys, as well as preliminary drilling. Certain of the materials from the Phelps Dodge project are in the public domain and should prove useful in planning further exploration at Ester Basin. Based on these materials, it has been concluded that the Ester Basin Project claim block includes certain Phelps Dodge drill targets for the next drill campaign that was cancelled. The Company intends to pick up where Phelps Dodge left off and, following some preliminary geological work, resume drilling the property.

SILVER PROPERTIES:

1. **Kit Carson Silver**

   The Kit Carson Silver Project is presently comprised of approximately 411 acres, located 2 miles southwest of Humboldt, and about 10 miles southeast of Prescott, in Yavapai County, Arizona. It is accessed from Arizona Highway 69 by Iron King Road, an unpaved all weather road running southwest from Humboldt, Arizona to the property.

   The silver project includes 24 unpatented lode mining claims totaling approximately 400 acres and a 50% undivided interest in the mineral rights to the Lady Alde patented lode mining claim (approximately 11 acres). The unpatented mining claims are located on land administered by the US Bureau of Land Management (BLM).

   The Project is in the Big Bug Mining District, and three of the Company's mines at this property have been mined in the past for precious and base metals: Lookout, Kit Carson and Lady Alde. The Company's property currently includes approximately 3,000 feet on the Silver Belt - McCabe Vein System, 6,000 feet on the Kit Carson Vein System and 3,000 feet on the Lady Alde Vein System. The Lookout Silver Mine was operated as recently as 1979, but has only been worked to a depth of 200 feet. The Company intends to begin exploration by surface geochemical sampling along the three above-referenced vein systems. Any anomalies encountered would be evaluated as potential drill targets.

   The Kit Carson Silver Project is located between two major past producing mines. Adjoining the northeast end of the project area is the Iron King Mine, which produced gold, silver, lead and zinc for a Phelps Dodge predecessor until the late 1960's. Adjoining the opposite (southwest) end of the Kit Carson Silver Project is the Gladstone – McCabe Gold Mine, which was last operated by Magma (later BHP) in the 1980's. A major part of the Company's rationale for acquiring Kit Carson Silver was the prospect that the rich gold and silver deposits at Iron King and Gladstone- McCabe continued onto the Company's property, which was only mined to shallow depths.

Regional Geology

The Kit Carson Silver Project is located in the Northern Bradshaw Mountains of Yavapai County, Arizona. There are pre-Cambrian stratified rocks, largely assigned to the Big Bug Group of the Yavapai Series that total approximately 20,000 feet in thickness. These rocks consist of volcanic, volcaniclastic, and some sedimentary rocks that have been metamorphosed to the green schist facies. Higher grade metamorphic rocks are present adjacent to the younger plutonic rocks.

The Big Bug Group is divided into three formations: (1) the Green Gulch Volcanics, which are west of the Kit Carson Silver Project area and consist of a basal dark-gray slate overlain by pillow and amygdaloidal mafic flows that contain intertounging rhyolitic rocks and mixed rhyolitic and mafic tuffaceous beds; (2) the Spud Mountain Volcanics (which underlay most of the Kit Carson Silver Project area) which constitutes the middle formation, is divided into a lower unit and an upper unit. The lower unit is dominated by bedded andesitic – rhyolitic breccia's with coarse – graded bedding suggesting subaqueous pyroclastic flows. The upper unit is dominated by bedded andesitic and rhyolitic tuffaceous sediments that intertongue with the lower part of the overlying Iron King Volcanics, the youngest formation; and (3) the Iron King Volcanics, which are east of the Kit Carson Silver Project area and are a thick sequence of pillow and amygdaloidal mafic flows containing interbeds of sedimentary rock, including ferruginous cherts and small amounts of rhyolitic flows and tuffs.

Intruded into the Big Bug Group Precambrian rocks are masses of Tertiary granodiorite, which outcrop immediately west of the Gladstone - McCabe Gold Mine, just to the west of the Kit Carson Silver Project area. Also outcropping to the west of the Lady Alde Silver Mine is gabbro of Precambrian age, which may represent sills of mafic magma injected during the accumulation of the thick sequences of mafic volcanics.

Iron King Mine

The Iron King Mine is adjacent to the northeast portion of the Kit Carson Silver Project. The Iron King deposit is in andesitic tuffaceous rocks of the upper unit of the Spud Mountain Volcanics. Iron King produced, during the period from 1907 until 1964, a total of 616,493 ounces of gold, 18,494,491 ounces of silver, 125,375 tons of lead, 367,569 tons of zinc and 9,551 tons of copper. This would amount to $2.6 Billion of production at January 2011 commodity price levels. It was operated by Shattuck Denn Corp. (a Phelps Dodge predecessor) from 1942 until 1968, the year in which the mine closed. The average grade of ore mined was 0.123 ounces of gold and 3.69 ounces of silver per ton, 2.50 percent lead, 7.34 percent zinc and 0.19 percent copper.

The Iron King Ore deposit consists of 12 veins arranged en echelon, striking N 22 degrees E and dipping 71 degrees NW. In plain view, each vein extends farther to the north than the adjacent vein to the east; the north end of the veins plunges northward. The width of the veins ranges from 1 to 14 feet, and the lengths are hundreds of feet. The veins consist of fine-grained massive sulfide containing pyrite, arsenopyrite, sphalerite, galena, chalcopyrite and tennantite, held together by a gangue of ankerite, quartz, sericite and residual chlorite. The north ends of the veins are almost exclusively quartz. All of the veins are zoned and all in a similar manner. The north end of each one consists of massive quartz having sparse pyritic disseminations and ramifying veinlets.

The quartz is commonly fine-grained, compact, gray to greenish in color, and almost chalcedonic in appearance. Locally, white bull quartz is associated as irregular patches or as vein like masses cutting the finer-grained type. The quartz has a sharp contact with the massive sulphide. This contact trends obliquely across the vein in a northerly direction and is more nearly vertical than the vein in cross section. In places the quartz contains sufficient gold and silver to be ore, and it may have a slight concentration of more granular galena near the contact with massive sulphides.

South of the quartz the veins are massive sulphide in which sphalerite and galena are the dominant ore minerals. The highest content of sphalerite plus galena commonly occurs some distance south of the quartz zone. Closely spaced assays show that in each of several veins the zone of higher lead and zinc content begins as a narrow stringer on the footwall of the vein and gradually migrates northward to the hanging wall, duplicating the pattern of the transition to the quartz masses at the north ends of the veins. In general, from the quartz southward the content of galena and sphalerite increases gradually to a maximum and then decreases gradually farther toward the south. There is a complimentary increase in pyrite content toward the south as the lead and zinc content decreases. The pyrite at the south end of the veins is more granular and commonly has a characteristic cubic form. Farther south, the massive sulphide character of the veins grades into zones of quartz-pyrite stringers separated by thin schist partings containing granular, disseminated pyrite.

There are no major changes of the veins in depth. The zoning is similar in each vein on all levels, and the mineralogical and structural character of the veins is about the same on the upper and lower levels. However, the lead - zinc content of several of the more easterly veins diminishes on the 700 and 800 levels, but may increase with greater depth as in several of the other veins.

Workings included 2 shafts 750 feet apart at 435 feet and 225 feet deep, respectively; later, 7 shafts. Shafts 6 and 7 were hoisting shafts. The earlier shafts were used for ventilation (Nos. 1 & 5), emergency exits (No. 2) or were caved (Nos. 3 & 4). The No. 6 shaft is a two-compartment shaft which extends below the 1200 level and was the primary working shaft. There were eleven levels, extending to about 1,140 feet below the collar of the shaft. The overall mining operation was some 2,600 feet deep vertically.

The Iron King Mine and the nearby Humboldt Smelter are currently included in a Superfund environmental cleanup site. None of the Company's Kit Carson Silver Project area is included in the Superfund Site.

Mineral Deposits of Late Cretaceous or Early Tertiary Age

The mineral deposits of Late Cretaceous or early Tertiary age are largely gold – silver veins that are clustered about the granodiorite stocks of the same age that are exposed west of the Kit Carson Silver Project area. These are typical fissure veins, straight and narrow with well – defined walls. Quartz is the dominant gangue mineral, and it shows drusy and comb structures. Ankerite occurs in many veins, and barite is common where silver is the important precious metal; they include arsenopyrite, pyrite, sphalerite, galena, chalcopyrite, tetrahedrite and ruby silver.

The Mines of the Silver Belt – McCabe Vein

The Silver Belt – McCabe Vein runs for over two miles from immediately west of the Iron King Mine southwest to the Gladstone-McCabe Mine. In fact, The Silver Belt-McCabe vein has been traced as a continuous zone for about 14,000 feet (4.2 km) from a point about 1,500 feet WNW of the Iron King Mine southwestward. The strike ranges from N.65ºE. In the southern sector to N.30ºE. In the northern sector; the dip ranges from 70ºNW. to 80ºSE; and the width ranges from 6 to 15 feet. The Kit Carson Silver Project includes approximately 3,000 feet of this vein system between the Iron King Mine and the Silver Belt Mine. An additional 3,000 feet on this vein between the Arizona National Mine and the Gladstone – McCabe Mine are also included in the Company's land package. The Company's total footage on this vein is approximately 6,000 feet.

The vein is almost entirely within the breccia facies of the Spud Mountain volcanics. Chlorite and probably some sericite, lying withe their basal sections essentially parallel to the strike of the vein, characterize the fissile, sheared zone comprising the vein; whereas the wall rocks, especially those on the hanging wall (west side), are foliated but not fissile, and are characterized by actinolitic hornblende

The Silver Belt - McCabe vein system has been described by several authors. Silver and lead characterized the Silver Belt deposit on the northeasterly portion of the vein. In the Arizona National Mine, next to the southwest from Silver Belt, the content of lead and silver was lower than that in the Silver Belt, and the ore contained zinc and iron, chiefly as sphalerite and pyrite. In the Company's Lookout Mine, next to the southwest from Arizona National, the ore was complex and contained silver, gold, lead, zinc, iron and copper. The Gladstone – McCabe mine at the south end of the vein also contained complex sulfide ore; the content of iron, copper and gold was higher than in the Lookout Mine, but the content of silver and lead was lower.

Historic production from the Silver Belt mine is reported to have a value of $330,000 and, from the Arizona National, $300,000. This was during the era when the gold price was $20 per ounce, so at a 2011 gold market price of $1,400 per ounce, these production figures would be approximately $23,000,000 and $21,000,000, respectively.

The Gladstone – McCabe Mine produced gold, silver, copper, lead and zinc having a value of about $3,000,000 during this same historic period (or approximately $210,000,000 at 2011 commodities prices). The average grade was 1.5 ounces gold and 10 ounces silver per ton, 2 percent copper, 2.1 percent lead and 4.7 percent zinc.

The age of formation of the Silver Belt – McCabe vein has not been definitely determined. It is generally considered to be Late Cretaceous or Early Tertiary based on radiometric dating of the granodiorite stock to the west of the project area.

Gladstone - McCabe Mine

The Gladstone – McCabe Mine adjoins the Kit Carson Silver Project to the southwest. It was discovered in 1866 and mining started in the early 1870's. The mine was reopened in 1898 and operated by the Ideal Leasing Co. until closed in 1913. The mine was reopened and ultimately closed in 1922. Thereafter the mine was reopened and un-watered in early 1934 by H. Fields & Associates and closed again in 1937. The most recent mining was by Stan West and Magma (now BHP) in 1988-1989.

Mineralization is a vein deposit with a tabular ore body hosted in the Spud Mountain Volcanics. The vein is in amphibolitic schist intruded by dikes of rhyolite porphyry and a distance farther SW, by a stock of quartz diorite. The vein averages 3½ feet wide with 5 ore shoots, each 200 to 500 feet long. Ore control was faulting and shearing. Ore concentration was oxidation and enrichment at near surface. No alteration was noted.

The vein is a series of lenses which are characterized by band and ribbon structure, the metallic contents being largely confined to the center of the vein. Open vugs lined with large crystals of quartz and arsenopyrite are common. Arsenopyrite with pyrite and chalcopyrite carry the values, which are largely gold with some silver. Galena is sparingly present.

Between the 2 shafts, a 20 foot wide dike of rhyolite porphyry intersects the schist with a northerly strike. The vein strikes N.54ºE. & dips 79ºSE. The ore contains quartz that is distinctly banded with sulfides in the center. Area structures include veins parallel to foliation in Precambrian rocks for the most part, which trends N25E.

Workings include the McCabe shaft (900 feet deep) and the Gladstone shaft (1,100 feet deep), 800 feet apart, plus several miles of workings.

The Kit Carson Silver Mine and Vein

The Company's Kit Carson Silver Mine is a silver – gold – copper - lead mine on the Kit Carson vein, which is located about 1,500 feet west of the Silver Belt-McCabe vein. The mineral deposit was discovered in 1897 and was mined from 1907 until 1926.

The Kit Carson vein strikes parallel to the Silver Belt-McCabe vein, but has an opposite dip to the east and is hosted in the Lower Unit of the Spud Mountain Volcanics. The Kit Carson vein was traced on the surface for about 4,000 feet, but is somewhat longer, for its northern extent is overlain by the gravel of the Hickey formation in Lonesome Valley. The vein has not been adequately explored. It appears to resemble the Silver Belt-McCabe vein in structure, alteration, and character of the mineralized zone.

The vein consists of a sheared zone as much as 5 feet wide, characterized by fissile, sericitic rock in which local stringers of comb quartz and box work, possibly after ankerite, were observed. Mineralization is a 2 to 4 foot wide vein with well-defined wall rock. Ore control was faulting and shearing. Ore concentration was oxidation at near surface. Alteration was minor silicification. The Kit Carson vein is west of the Silver Belt-McCabe vein and dips N.30ºE. And dips steeply SE. Area structures include veins that parallel regional foliation, which trends N30E.

Workings include 8 shafts and prospect pits.

The Lady Alde Vein

Commencing on the patented Lady Alde lode mining claim and running to the northeast, roughly parallel to the Kit Carson Vein System is the Lady Alde mineralized area, which includes several mine shafts and prospect pits in the vicinity of the contact between northeast striking masses of Precambrian gabbro and the lower unit of the Spud Mountain Volcanics.

2. Silverfield.

The Silverfield Project is comprised of 80 acres of mining claims (4 unpatented lode claims) in the Owens Mining District in southern Mohave County, Arizona, immediately north of the Bill Williams River. The mine produced silver in both the 1940's and the 1960's, primarily from workings at Big Hill and North Star Hill, where an unmined silver resource has been reported to remain. There are shafts, adits and open cuts on the property.

There is also gold potential. Anschutz Mining did a preliminary drill campaign in the 1980's, following up on high grade surface exposures of over 1 ounce per ton gold. The Company has acquired the Anschutz drill logs and assay reports, which include encouraging intervals.

The regional geological setting includes a number of detachment faults which are associated with mineralization in both the upper and lower plates. At Silverfield, there is replacement silver and copper mineralization of upper plate quartzite and silicified limestone. In addition, there is hot springs type precious metal mineralization associated with sinter. There is widespread alteration including associated barite deposits. Sampling by the State of Arizona also reportedly found a vanadium occurrence on the property.

Initial exploration by the Company will focus on the reported silver resource, as well as compilation of the results from past exploration by Anschutz Mining.

3. Potts Mountain Silver

The Potts Mountain property consists of 40 acres of mining claims (two unpatented lode mining claims) in the Owens Mining District in southern Mohave County, Arizona. It is immediately north of the Company's Ester Basin Gold property.

Potts Mountain has been described as a diatreme that was intruded into Precambrian gneiss of the upper plate of the Buckskin – Rawhide Detachment Fault. The mountain is ringed with mineral occurrences. Additionally, reconnaissance has revealed what appears to be a rhyolitic dome in the southern foothills of Potts Mountain, as well as possible barite mineralization.

The Potts Mountain Project includes the Lead Pill Silver Mine, which produced silver and lead, as well as the Red Top Gold Mine, which was an historic producer of gold and copper.

Lead Pill Silver Mine

Mineralization at the Lead Pill Silver Mine and nearby adits includes blue-green and purple, 0.5 – 2 cm, subhedral to euhedral fluorite with subordinate manganese oxides filling fractures and open spaces. Hematite staining and sparse calcite are the youngest minerals, with minor copper oxides. The host rock is moderately to highly fractures, Precambrian, medium – grained biotite granite with sparse 3 – 4 cm potassium-feldspar megacrysts. Chloritic alteration of granite is moderate to strong.

Red Top Gold Mine

At the Red Top Mine, there are quartz-fluorite-manganese oxides-copper oxides-barite along shear zones in a silicic, quartz-bearing, hypabyssal intrusive or a thick ash-flow tuff of middle to upper Tertiary age. In order of decreasing abundance, manganese, fluorine, copper and barium characterize the mineralization. A major mineralized shear zone at the Red Top Mine trends N 60 degrees W and dips 5 degrees NE. Quartz-barite-calcite veins and open space fillings are present in brecciated silicic volcanic or hypabyssal rocks within 200 meters of the Red Top Mine.

Glossary of Mining Terms:

Adit – A horizontal passage from the surface into a mine. It is commonly called a tunnel, though in strict usage a tunnel is open at both ends.

Alteration – Changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solutions.

Andesite – A dark-colored, fine-grained extrusive rock.

Anomaly - A geological feature, especially in the subsurface, distinguished by geological, geochemical or geophysical means, which is different from the general surroundings and is often of potential economic value, e.g. a magnetic anomaly.

Calcite – A common rock-forming mineral, CaCO3 (calcium carbonate). Commonly white or gray, calcite is the chief constituent of limestone and most marble.

Chrysacolla – An oxidized copper mineral, it usually occurs as green to blue-green incrustations and thin seams in the oxidized zones of copper-sulfide deposits.

Clastic – Pertaining to rock or sediment composed principally of fragments derived from pre-existing rocks or minerals and transported some distance from their place of origin.

Conglomerate – A course-grained clastic sedimentary rock, composed of rounded to subangular fragments larger than 2mm in diameter (granules, pebbles, cobbles, boulders) set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay; the consolidated equivalent of gravel.

Detachment fault – A near – horizontal fault of great displacement, frequently over 10 miles, caused by regional extension of the affected terranes. Heat generated by the process of detachment faulting may result in hydrothermal alteration of the upper plate, the lower plate, or both, and the consequent deposition of minerals such as gold, silver, copper, lead, zinc or manganese.

Dump – An area adjacent to a shaft, adit or other mine working where mined material has been stored or dumped.

Extrusive – Said of igneous rock that has been erupted onto the surface of the earth. Extrusive rocks include lava flows and pyroclastic material such as volcanic ash.

Fault – A fracture or fracture zone along which there has been displacement of the sides relative to one another.

Foliated – A rock that has been subject to foliation, which is a planar arrangement of textural or structural features in any type of rock, especially the planar structure that results from flattening of the constituent grains of a metamorphic rock.

Geochemical exploration – The search for economic mineral deposits by detection of abnormal concentrations in surficial materials or organisms, usually by techniques that may be applied in the field.

Geophysical exploration – The use of geophysical techniques – electric, gravity, magnetic, seismic or thermal – in a search for economically valuable mineral deposits.

Gneiss – A foliated rock formed by regional metamorphism, often of granitic rocks, in which bands of granular materials alternate with bands of minerals with flaky or prismatic habit.

Gravel – An unconsolidated natural accumulation of rounded rock fragments, mostly of particles larger than sand.

Hanging wall – The overlying side of an ore body, fault, or mine workings; especially the wall rock above an inclined vein or fault.

Hematite – A common iron mineral, it is the principal ore of iron.

Hydrothermal alteration – Alteration of rocks and minerals by the reaction of hot water or steam with pre-existing solid rock.

Igneous – Said of a rock or mineral that solidified from molten or partly molten material such as magma.

Magnetic survey – A technique of applied geophysics: a survey is made with a magnetometer, on the ground or in the air, which yields local variations, or anomalies, in magnetic-field intensity. These anomalies are interpreted as to depth, size, shape, and magnetization of geologic features causing them.

Metamorphic rock – Any rock derived from pre-existing rocks by mineralogical, chemical, and / or structural changes, essentially in the solid state, in response to marked changes in temperature, pressure, shearing stress, and chemical environment, generally at depth in the earth's crust.

Mining District – A geographic area in which a number of mines are located. During the early days of the American West before effective local governments were established, the mining district enacted rules and enforced them.

Mylonitic – Descriptive of a rock that has been subject to mylonitization, which is deformation by extreme microbrecciation, due to mechanical forces applied in a definite direction, without noteworthy chemical reconstitution of granulated minerals.

Pediment – A broad gently sloping erosion surface or plain of low relief, typically developed by running water, in an arid or semi-arid region at the base of an abrupt and receding mountain front; it is underlain by bedrock that may be bare but is more often mantled with a thin discontinuous veneer of alluvium derived from the upland masses and in transit across the surface.

Precambrian – All geologic time, and its corresponding rocks, before the beginning of the Paleozoic age approximately 570 million years ago.

Regional metamorphism – A general term for metamorphism that extends continuously throughout an extensive region, as opposed to local metamorphism.

Sedimentary rock – A layered rock resulting from the deposition of sediment, usually formed under water, e.g. a clastic rock such as sandstone, a chemical rock such as rock salt, or an organic rock such as coal.

Shaft – A vertical or near – vertical mine working through which access is gained to levels of mine workings below the surface.

Silicified – A rock that has been affected by silicification, which is the introduction of, or replacement by, silica, especially in the form of fine-grained quartz, which mat fill pores and replace existing minerals.

Tertiary – The era of time beginning about 65 million years ago up to 2 million years before the present, and the corresponding system of rocks.

Unpatented mining claim – In the United States of America, a claim to mineral rights on Federal lands open to mineral entry, obtained by staking and recordation with the County Recorder and the United States Bureau of Land Management (BLM).

l. The Issuer's primary and secondary SIC codes.

The Primary SIC code for the Company is 1000-Metal Mining, with a secondary SIC code of 1040 - Gold and Silver Ores.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.

The Company is in the exploration stage, and has mining claims in the State of Arizona.

3. If the issuer is considered a "shell company" pursuant to SEC Rule 405 of the Securities Act of 1933.

The issuer is not considered a "shell company" pursuant to SEC Rule 405 of the Securities Act of 1933.

4. State the name of any parent, subsidiary or affiliated company.

The Company has no parent, subsidiary or affiliated companies.

5. The effect of existing or probable governmental regulations on the business.

The Company does not foresee any costs and/or effects of compliance with (federal, state, and local) governments as a gold mining and exploration company other than industry norms.

6. An estimate of the amount of time spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers.

N/A

7. Costs and effects of compliance with environmental laws (federal, state and local).

The Company is currently in compliance with all material environmental regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays, the extent of which cannot be currently predicted. The Company is not producing any products that are hazardous to the environment and does not foresee any changes that could adversely affect the environment.

8. Number of total employees and number of full time employees.

   At present, we have no employees. We currently conduct our business through agreements with consultants and third parties.

Investment Policies

1. Investments in real estate or interest in real estate.

   The Company does not intend to invest in any real estate properties at this time.

2. Investments in real estate mortgages.

   The Company does not intend to invest in any type of real estate mortgages.

3. Securities of or interests in persons primarily engaged in real estate activities.

   The Company does not intend to invest in any persons primarily engaged in real estate activities.

Item 9 The nature of products or services offered.

1. Principal Products or Services, and their Markets:.

   The Company is in the mineral exploration business, and does not have any marketable products at this time.

2. Distribution methods of the products or services:.

   The Company is currently in the exploration stage as a mining company and is not distributing products at this time.

3. Status of any publicly announced new products or services:.

   There are no publicly announced new products or services at present.

4. Competitive business conditions, the issuer's competitive position in the industry, and methods of competition:.

   There are many companies in this business which make the industry very competitive. The Company, once it commences production, will compete with other companies for the sale of its gold and silver which are based on international markets. The current high global price for gold and silver will, however, increase the Company's profitability in the event it commences production while such prices are prevalent.

5. Sources and availability of raw materials and the names of principal suppliers:.

   There are numerous independent drilling companies located in Arizona, Nevada and Utah which own drill rigs that can be mobilized to the company's project sites in Arizona. These companies provide equipment and supplies for drilling programs so that the Company is not required to purchase these items directly. Supplies and rental equipment are readily available in Parker, Arizona (for Clara, Silverfield and Burnt Well), Prescott, Arizona (for Kit Carson) and Kingman, Arizona (for Potts Mountain and Ester Basin). Incidental supplies may be obtained in a Home Depot, Lowes or independent hardware store located in one of these cities.

6. Dependence on one or a few major customers:.

   The Company is the exploration stage and currently does not have a base of customers; once entering the production stage, it is the company's goal to diversify and grow its customer base so as to eliminate any dependency on any one main customer. Whereas the company is a mining company in the gold and silver market, the large desire for such commodities on the world market is constant and ready markets for such precious metals are more than available,

7. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration:.

   The Company shall make the “Work Expenditures” on or for the benefit of the “Kit Carson”, “Silverfields” and “Potts Mountain” Silver Properties, as follows:

   The sum of $100,000 (One hundred thousand dollars) on or before June 30, 2012; and

   The sum of $100,000 (One hundred thousand dollars) on or before December 31 of each year thereafter.

   A “Net Profits Interest” (See Note 1) and a “Net Smelter Royalty” (See Note 2) is payable to Middle Verde Development Co., LLC and Searchlight Exploration, LLC (“Claimholders”).

   Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment.

Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices.

Note 1:

The Claimholder reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

Note 2:

The Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of gold and silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

General Note:

"Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

The Company shall make the “Work Expenditures” on or for the benefit of the “Ester Basin” Gold Properties in the following amounts:

The sum of $20,000 (Twenty thousand dollars) on or before June 30, 2012; and

The sum of $20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

A “Net Profits Interest” (See Note 1) and a “Net Smelter Royalty” (See Note 2) is payable to Searchlight Exploration, LLC (“Claimholders”).

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment.

Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker’s compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices.

Note 1:

The Claimholder reserves a 5% (Five percent) net profits interest ("NPI") in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder's NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

Note 2:

The Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of gold and silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

General Note:

"Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

The Company shall make the "Work Expenditures" on or for the benefit of the "Clara" Gold Properties in the following amounts:

The sum of $20,000 (Twenty thousand dollars) on or before June 30, 2012; and

The sum of $20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

A “Net Profits Interest” (See Note 1) and a “Net Smelter Royalty” (See Note 2) is payable to Anaconda Exploration, LLC and Searchlight Exploration, LLC (“Claimholders”).

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment.

Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices.

Note 1:

The Claimholder reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

Note 2:

The Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of gold and silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

General Note:

"Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

The Company shall make the “Work Expenditures” on or for the benefit of the “Burnt Well” Gold Properties in the following amounts:

The sum of $20,000 (Twenty thousand dollars) on or before June 30, 2012; and

The sum of $20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

A “Net Profits Interest” (See Note 1) and a “Net Smelter Royalty” (See Note 2) is payable to Anaconda Exploration, LLC and Searchlight Exploration, LLC (“Claimholders”).

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment.

Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices.

Note 1:

The Claimholder reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

Note 2:

The Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of gold and silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

General Note:

"Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

The Company shall make the “Work Expenditures” on or for the benefit of the additional claims on the “Kit Carson” Silver Properties in the following amounts:

The sum of $20,000 (One hundred thousand dollars) on or before June 30, 2012; and

The sum of $20,000 (One hundred thousand dollars) on or before December 31 of each year thereafter.

A “Net Profits Interest” (See Note 1) and a “Net Smelter Royalty” (See Note 2) is payable to Middle Verde Development Co., LLC and Searchlight Exploration, LLC (“Claimholders”).

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment.

Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices.

Note 1:

The Claimholder reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

Note 2:

The Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of gold and silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

General Note:

"Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

8. The need for any government approval of principal products or services; Discuss the status of any requested government approvals.

   The company's eventual products (gold and silver) do not require any government approval for production or sale. Drilling programs require approval by the United States Bureau of Land Management (BLM) for exploration on Federal lands administered by the BLM, which requires limited bonding for disturbance resulting from drilling. The Arizona State Mine Inspector also inspects historic mine workings (such as mine shafts, tunnels and adits) located on the Company's mining claims and may require that these workings be made secure by installation or maintenance of safety fencing. Actual opening and operation of a gold or silver mine would require numerous permits and government approvals, including preparation of an environmental impact statement (EIS) and approval by the BLM of a plan of operation, which would require bonding for remediation expense.

Item 10 The nature and extent of the issuer's facilities.

A). Assets, properties or facilities of the issuer, location of principal plants and other properties or facilities of the issuer, the location of the principal plants and other property of the issuer, condition of the properties. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Assets and properties:

The Company does not own any property. It currently has access to office space provided without charge by management of the Company. The Company's mining claims and prospecting permits are described above under "Business of Issuer."

Facilities of the issuer:

The Company does not lease or rent any property. It receives its mail using the services of a mail forwarding service based in Las Vegas, Nevada, USA. The Company does not anticipate that it will need to expand its facilities during the first few years of operation while it executes its development plan.

B). If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Not applicable.

C). If the issuer owns any property or properties, for which the book value amounts to l0 percent or more of the total assets of the issuer and its consolidated subsidiaries for the last fiscal year furnish the following information for each such property:

Not applicable.

Part D Management Structure and Financial Information.

Item XI The name of the chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors

The Business Address for all executive officers and directors is:

GNCC CAPITAL, INC.
Renasa House 170 Oxford Road
Melrose, Gauteng, 2196
Republic of South Africa.

1. Executive Officers;

Name / Position

Ronald Y. Lowenthal - Executive Chairman/Director

Mr. Lowenthal is a specialist in Corporate Finance, in the structuring of IPO's and in fund raising for Mining Exploration Companies. From 1999, Mr. Lowenthal was a founding director of Incentive Holdings Ltd. and Incentive Securities Limited a South African based Financial Services Group. From 1982 to 1999, Mr. Lowenthal served as a financial consultant and as the compliance officer to family owned, Lowenthal & Co, a South African based Stock Broking, Corporate Finance and Fund Management company specializing in obtaining mining concessions for exploration, and obtaining and assisting a significant number of Mining and other companies with their obtaining quotations on the Johannesburg Stock Exchange. In 1971, Mr. Lowenthal earned a Masters of Business Administration degree from the Wharton Graduate Division, University of Pennsylvania, USA and in 1969 earned a Bachelor of Arts (Hons) degree in International Relations from the University of Sussex, England.

From 1972 to 1979, Mr. Lowenthal served as an International Merchant Banker with Scandinavian Bank in both London and in Singapore, Amex Bank in both London and in Hong Kong, Rothschild Intercontinental Bank in both London and in Hong Kong and with European and American Bank in New York. From 1979 to 1981, Mr. Lowenthal was involved in Diamond Mining and in Diamond Trading on an International basis.

Mr. Lowenthal's experience in mining goes back to the early 1970's, when he was working in Sierra Leone, Guinea and Burkina Faso and obtained mining concessions in gold and diamonds in these countries. Mr. Lowenthal resumed his interest in West Africa in 2006, when he was requested by an international mining company to obtain a uranium concession. As a result of this activity, Mr. Lowenthal established an office in Dakar, Senegal and Nouakchott, Mauritania and has actively pursued concessions in Senegal, Mauritania and Guinea. These activities extend from gold to iron ore, chrome and uranium. The Lowenthal family has been involved in mining activity in South Africa, Guinea, Senegal, Mauritania, over many years and, when Mr. Lowenthal returned from Asia to South Africa in 1982 when his family and others gained control of Johannesburg Mining Finance Limited, which became Consolidated Mining Corporation. This group specialized in gold and diamonds.

Mr. Lowenthal is presently an officer or director of Kansala Resources SA, Senegal, Sanko Lowenthal, Mauritanie SARL, Sloane Investments, Inc., Chataprop Holdings 86 (Pty) Limited, IHL Nominees (Pty) Limited, Incentive Securities (Pty) Limited, ASPA Gold Corp. and North American Gold & Minerals Fund. He was previously an officer or director of Faso Mining SA, Consolidated Mining Corporation Limited, West Witwatersrand Gold Holding Limited, Carrig Diamonds Limited, Hanover Capital Group plc, Anglo Dutch Life Limited, Africa Resources Investments Limited, Catwalk Investments 398 (Pty) Limited, Hanover Research (Pty) Limited, Incentive Asset Management (Pty) Limited, Incentive Asset Traders, Incentive Corporate Finance (Pty) Limited, Incentive Holdings Limited, Rhizoid Timeline Formula Limited, Saga Lowenthal Commodities (Pty) Limited, Benoni Gold Holdings Limited, Bonte Koe Mynbou Ondernemings (Pty) Limited, Rex Mining Corporation Limited, Southern Fissures Limited, Wolfberg Mynbou (Pty) Limited, Carbon Leader Limited, Loxton Exploration (Pty) Limited, Dukes Court Shareblock Limited, Edgtech Holdings (Pty) Limited, Master Computer Bureau (Pty) Limited, Moorpark Shareblock Limited, Pick Distribution Company (Pty) Limited, Pick Square (Pty) Limited, Pick Technologies (Pty) Limited and Mesklip Prospecting (Pty) Limited.

During the past ten years, Mr. Lowenthal **has not** been the subject of the following events:

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

2. Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. The subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities; associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

   i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or

   ii) Engaging in any type of business practice; or

   iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

4. The subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph 3.i in the preceding paragraph or to be associated with persons engaged in any such activity;

5. Was not found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

6. Was not found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

7. Was not the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

   i) Any Federal or State securities or commodities law or regulation; or

ii) Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or

iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

8. Was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26)), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29)), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Mr. Lowenthal holds 12,000,000 shares of common stock in the Company.

Mr. Nicolaas Edward "Ted" Blom – PRESIDENT, CHIEF EXECUTIVE OFFICER, DIRECTOR, CHIEF FINANCIAL OFFICER AND SECRETARY

Mr Blom has over 25 years of experience in mining and energy, with expertise in structured finance, commercial and legal transactions and business development. He holds Bachelors of Commerce and Bachelors of Jurisprudence degrees from the University of Port Elizabeth (n/k/a Nelson Mandela Metropolitan University), a Masters of Business Administration degree from Witwatersrand University, Johannesburg, and Republic of South Africa and is a Chartered Secretary of the Institute of Chartered Secretaries and Administrators, London. Mr Blom also completed the Harvard Business School Program for Management Development and a Diploma in Mineral Economics from Imperial College, London. Mr Blom is a member of the Association of Mining Analysts in the United Kingdom.

His business experience includes strategic advisor and consultant to global hedge funds and private equity funds on investments in energy and mineral plays. His testimony at the relevant national regulator as an expert independent Expert in mining and energy resulted in numerous television, radio and press interviews. Mr Blom is currently mandated to execute capital-raising, structuring and implementation of projects in Africa exceeding $20 billion. Mr Blom has consulted and explored projects and proposals involving most minerals found on the African Continent, including Gold, Nickel, Silver, Platinum, Manganese, Aluminium, Coal, Graphite, Diamonds, Titanium and Chromium. He has also been involved with assessments of industrial minerals.

In recent years, Mr Blom assessed that Southern Africa would require more than 20 new coal mining projects in order to avoid another energy Blackout in the region. This number has since been confirmed by the regulators, with little progress. Mr Blom also conducted initial feasibilities on Coal - Bed Methane (CBM) and Underground Coal Gasification (UCG) projects on a large scale to complement the current energy mix in Sothern Africa. This has the potential to generate an additional 20GW of electricity within a 24-30 month horizon, provided legislators approve. As a strategic advisor to Eskom, Mr Blom identified and highlighted significant opportunities for savings in capital expenditures in the billions of dollars. He has conducted numerous successful global transactions as a strategic advisor to a South African merchant bank, capital raising for a new technology project in the commodities coal sector, and capital raising for mining and energy projects including Black Wattle Colliery, and a major new Platinum & Palladium project in Africa. In addition Mr Blom often facilitates commercial transactions between Commodity buyers and sellers.

He was a co-founder of Kwezi Mining Company, a junior coal mining company which subsequently became Rio Tinto's development arm for major transactions in Southern Africa. Mr Blom served on the Board of Directors of Kwezi Coal Ltd., as well as Kwezi Mining Ltd. Mr Blom was also an independent advisor to Eurocoal, another junior coal miner. While at Eurocoal, Mr Blom was instrumental in doubling pre-tax profits, with a resulting significant increase in market value. Previously, Mr Blom conducted and participated in numerous global proposals, evaluations and exercises, including capital raising material and strategic communications to transform and propel General Mining Ltd into the world's largest listed mining house, BHPBilliton.

He also initiated, strategized and implemented a contractual clean-up which released millions of dollars to facilitate the turnaround of Tran-Natal Coal Corporation from loss making to a profitable division of General Mining Ltd.

Mr Blom has been awarded numerous bursaries and awards for excellence that paved the way to continuing education, the most recent being an Eskom Award & Prize in 2008. He was appointed Judge for Africa Energy Awards 2009 and Chairman for African Mining Congress 2010. Mr Blom has been invited to Judge the Africa Energy Awards in 2012. In his spare time Mr Blom lectures globally on the accelerated "MBA in Mining" series and has been booked for 19 lectures all over the Globe for 2012.

Mr. Blom is presently an officer and non-executive director of ASPA Gold Corp. In the past 10 years, he was the CEO of Kwezi Coal Ltd and of Kwezi Mining Ltd; and was the acting Financial Director of GAB Robins (SA) Ltd. All of Mr. Blom's other directorships are in privately held companies.

Mr. Blom holds 12,000,000 shares of common stock in the Company.

During the past ten years, Mr. Blom **has not** been the subject of the following events:

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
2. Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. The subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities; associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
   i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or

   ii) Engaging in any type of business practice; or

   iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

4. The subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph 3.i in the preceding paragraph or to be associated with persons engaged in any such activity;

5. Was not found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

6. Was not found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

7. Was not the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

   i) Any Federal or State securities or commodities law or regulation; or

   ii) Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or

   iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

8. Was not the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26)), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29)), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

2. Directors.

Name / Position

Ronald Y. Lowenthal, Director
Nicolaas Edward Blom - Director

3. General Partners.

This does not apply to the Company.

4. Control Persons;

See above disclosure.

B. Legal/Disciplinary History

Identify whether any of the foregoing persons have, in the last five years, been the subject of

l. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offences);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court or competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the CFTC, a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated;

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

C. Disclosure of Family Relationships

1. Describe any relationships existing among and between the issuer's officers, directors and shareholders, and beneficial owners more than 5%:.

None.

D. Disclosure of Related Party Transactions

1. Describe any related party transactions or conflicts of interests:.

None.

E. Disclosure of Conflicts of Interests:

None.

Item 12 Financial Information for the Issuer's most recent fiscal period.

The issuer should include the below financial statements in the disclosure document or, if attached, provide a list in the disclosure document describing the attached financial statements, the balance sheet date and the date published:

a. Balance sheet;
b. Statement of income;
c. Statement of cash flows;
d. Statement of changes in stockholders equity;
e. Financial Notes; and
f. Management Certification

Financial Statements filed separately.

The issuer should provide a summary of the types of information that the Company will provide to security holders in the future and the schedule for providing this information.

The Company will provide updates to the balance sheet and profit and loss retained earnings statements no later than 90 days after the fiscal year and 45 days after the end of any fiscal quarter.

In addition a Press Release will be disseminated 3 business days following the occurrence of any material change.

Item 13 Similar financial information for such part of the preceding fiscal years as the issuer or its predecessor has been in existence.

Please see attached Financial Statements

Item 14 Beneficial Owners

.

The following table lists the share ownership of persons who, as of the date of this prospectus owned of record or beneficially, directly or indirectly, more than five percent (5%) of the outstanding common stock, and our Executive Officers and Directors as a group:

Searchlight Exploration, LLC - 10,511,000 (5.17%)

Stelan Real Estate Management, Inc. - 14,252,000 (7.02%)

Highwave Management Corp. – 11,192,480 (5.51%) * Subject to Stock Trading & Disposal Restriction Agreement

Streetside Holdings AG – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement
Insight Holdings, S.A. – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement

Emerald International Corporation – 11,192,480 (5.51%) * Subject to Stock Trading & Disposal Restriction Agreement

Saffron Ventures GmbH – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement

Liberty Investment Services Ltd. – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement

Macy Ocean Enterprises, Inc. – 11,192,480 (5.51%) * Subject to Stock Trading & Disposal Restriction Agreement
Neutral Bay Investments, S.A. – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement

Diamond Peak Resource Corporation – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement

Western Treasure Holdings Corp. – 12,591,540 (6.20%) * Subject to Stock Trading & Disposal Restriction Agreement

Ronald Y Lowenthal (Executive Chairman) - 12,000,000 (5.91%) ** Subject to Stock Trading & Disposal Restriction Agreement and is an Insider.

Nicolaas Edward Blom (President & Chief Executive Officer - 12,000,000 (5.91%) ** Subject to Stock Trading & Disposal Restriction Agreement and is an Insider.

***STOCK TRADING & DISPOSAL RESTRICTION AGREEMENTS:**

These stockholders have entered into extensive stock trading restriction and disposal agreements with GNCC Capital, Inc. on the following terms and conditions:

These shares of the Corporation's Common Stock shall not be available to be assigned, pledged, sold, lent or in any way alienated for a period of 2 (two) years commencing from the date of their issue. These shares are restricted under Regulation 144 and shall be held "on book" by the Transfer Agent to the Corporation; for an on behalf of the Stockholder. The Stockholder shall not be permitted to request these shares of the Corporation's Common Stock, in certificated form, until the expiration of the 2 (two) years from the date of their issue to the Stockholder. Thereafter they are permitted to dispose no more than 5% (Five percent) of their shares of the Company's Common Stock every 3 (Three) months thereafter.

These Stock Trading & Disposal Restriction Agreements (on the terms and conditions outlined above) account for an amount of 145,718,220 shares of the Company's Common Stock, representing 71.74% of the Company's outstanding shares of Common Stock.

Item 14 The name, address, telephone number, and email address of each of the outside providers that advise the issuer on matters relating to the operations, business development and disclosure. The information should include the advisor(s) name, address, telephone, and email address.

Investment Banker:

This does not apply to the Company.

Promoters:

None.

Counsel:

Outside Counsel for purposes of OTCMarkets.com reporting review and opinion is Alex Stavrou, Esquire, of 334 S. Hyde Park Ave. Tampa, Florida 33606, as associated counsel to Securus Law Group, P.A., 13046 Racetrack Road, Number 243, Tampa, Florida 33626.

Accountant or Auditor:

The financial statements were prepared under the direction of Ronald Lowenthal in his capacity of Executive Chairman of the Company. While Mr. Lowenthal is not an American citizen or resident, he has previously served as an officer or director of American companies and is a graduate of the Wharton Business School of the University of Pennsylvania.

Mr. Lowenthal has experience with GAAP accounting through these prior positions as well as his continued service with the Company, and he is believed to be qualified in the preparation of GAAP financial statements. The financial statements are unaudited. Although the Company is in discussions with a PCAOB-qualified auditor with a view to engaging the auditor to audit its financial statements in preparation for the filing of an SEC Form 10, there is no assurance that the Company will engage an auditor or that the audit will be completed.

Public Relations Consultant:

None.

Investor Relations Consultant:

None

Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure documentation.

None

Item 16 Management's Discussion and Analysis or Plan of Operation.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this registration statement. In addition to the historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our business and results of operations are affected by a wide variety of factors. We may experience material fluctuations in future operating results, on a quarterly or annual basis, which could have a material and negative affect our business, financial condition, operating results and stock price. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" and elsewhere in this registration statement.

A. Plan of Operations

The Company is presently assembling is team of geologists and other consultants to formulate an exploration plan for its precious metals properties. Management's current view is to begin its exploration activities with one or more of the gold exploration properties. However, this is subject to reconsideration depending on the relative future performance of gold and silver as commodities, as well as management's evolving opinion as to the relative value of its six properties. Upon formulation of its initial exploration plan, the company will seek funding for its initial exploration program, which will likely involve the compilation of past exploration results for the selected properties to be explored, followed by geologic mapping (if not already done) and preliminary geochemical and geophysical work to define drill targets, followed by application for drilling permits and conduct of drilling at one or more of the properties. There is no assurance that the company will obtain funding for exploration.

B. Management Discussion and Analysis of Financial Condition and Results of Operations

We have not yet earned any revenues. We anticipate that we will earn revenues in the future but as we are presently in the exploration stage of our business and we can provide no assurance that we will be able to develop our business to a state that it will generate revenues and become profitable.

The company had current assets of $39,583 with no cash as of September 30, 2011. The Company has incurred a net loss of $21,703,597 for the period from inception to September 30, 2011. Income represents all of the company's revenue less all its expenses in the period incurred. The Company has no revenues as of September 30, 2011 and since inception. Liabilities are made up of current and long-term liabilities. The company issued 176,000,000 restricted shares of Common Stock and $16,784,000 in Convertible Loan Notes due in 2014; to its mining claim vendors in exchange for its mining properties but received no cash in exchange for these shares or Convertible Loan Notes.

The Company anticipates completing a private placement for up to $2,000,000 during the first calendar quarter of 2012. If this is successful, and there is no assurance that the private placement will occur, the Company can complete its initial exploration program and remain operational through fiscal 2012.

C. Off-Balance Sheet Arrangements.

The issuer had no off balance sheet arrangements.

Liquidity and Capital Resources:

Based on our current operating plan, we do not expect to generate revenue that is sufficient to cover our expenses for at least the next twelve months. In addition, we do not have sufficient cash and cash equivalents to execute our operations for at least the next twelve months. We will need to obtain additional financing to operate our business for the next twelve months. We will raise the capital necessary to fund our business through a private placement and public offering of our common stock. Additional financing, whether through public or private equity or debt financing arrangements with stockholders or other sources to fund operations, may not be available, or if available, may be on terms unacceptable to us. Our ability to maintain sufficient liquidity is dependent on our ability to raise additional capital. If we issue additional equity securities to raise funds, the ownership percentage of our existing stockholders would be reduced. New investors may demand rights, preferences or privileges senior to those of existing holders of our common stock. Debt incurred by us would be senior to equity in the ability of debt holders to make claims on our assets. The terms of any debt issued could impose restrictions on our operations. If adequate funds are not available to satisfy either short or long-term capital requirements, our operations and liquidity could be materially adversely affected and we could be forced to cease operations.

PART E Issuance History

Item 17 List of securities offerings and shares issued for services in the past two years.

The Company issued 12,000,000 common shares to Mr. R Y Lowenthal on April 30, 2010 in respect of his Service Agreement at a deemed price of $240,000.

The Company issued 97,000,000 common shares to 15 different sellers on May 3, 2010 in order to acquire its initial three Silver Exploration Properties at a deemed price of $1,940,000.

The Company issued 21,000,000 common shares to 15 different sellers on May 3, 2010 in order to acquire its “Ester Basin” Gold Exploration Properties at a deemed price of $420,000.

The Company issued 30,000,000 common shares to 15 different sellers on September 2, 2010 in order to acquire its “Clara” Gold Exploration Properties at a deemed price of $600,000.

The Company issued 14,000,000 common shares to 15 different sellers on September 29, 2010 in order to acquire its “Burnt Well” Gold Exploration Properties at a deemed price of $280,000.

The Company issued 14,000,000 common shares to 15 different sellers on December 2, 2010 in order to acquire additional mining claims at one of the silver mining properties at a deemed price of $280,000.

The Company issued 12,000,000 common shares to Mr. N E Blom on September 29, 2011 in respect of his Service Agreement at a deemed price of $50,100.

PART F Exhibits

Item 18 Material Contracts.

1. Service & Employment Agreement with R Y Lowenthal dated April 30, 2010.
2. Convertible Loan Note issued to Angel Vest, LLC dated May 2, 2010.
   Initial Acquisition Agreement in respect of the three Silver Mining Properties dated May 3, 2010.
3. Acquisition Agreement in respect of the "Ester Basin" Gold Mining Properties dated May 3, 2010.
4. Acquisition Agreement in respect of the "Clara" Gold Mining Properties dated September 2, 2010.
5. Acquisition Agreement in respect of the "Burnt Well" Gold Mining Properties dated September 29, 2010.
6. Acquisition Agreement in respect of additional claims at "Kit Carson" Silver Mining Properties dated December 2, 2010.
7. Service & Employment Agreement with N E Blom dated September 29, 2011.
8. Advisory Committee Appointment Agreement with Ben B. Stein dated November 11, 2011.
9. Advisory Committee Appointment Agreement with Jack Reybold dated November 11, 2011.
10. Stock Trading & Disposal Restriction Agreement with Highwave Management Corp. dated December 1, 2011.
11. Stock Trading & Disposal Restriction Agreement with Streetside Holdings AG dated December 1, 2011.
12. Stock Trading & Disposal Restriction Agreement with Insight Holdings, S.A. dated December 1, 2011.
13. Stock Trading & Disposal Restriction Agreement with Emerald International Corporation dated December 1, 2011.
14. Stock Trading & Disposal Restriction Agreement with Saffron Ventures GmbH dated December 1, 2011.
15. Stock Trading & Disposal Restriction Agreement with Liberty Investment Services Ltd. dated December 1, 2011.
16. Stock Trading & Disposal Restriction Agreement with Macy Ocean Enterprises, Inc. dated December 1, 2011.
17. Stock Trading & Disposal Restriction Agreement with Neutral Bay Investments, S.A. dated December 1, 2011.
18. Stock Trading & Disposal Restriction Agreement with Diamond Peak Resource Corporation dated December 1, 2011.
19. Stock Trading & Disposal Restriction Agreement with Western Treasure Holdings Corp. dated December 1, 2011.
20. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Middle Verde Development Co., LLC dated December 1, 2011.

21. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Searchlight Exploration, LLC dated December 1, 2011.
22. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Stelan Real Estate Management, Inc. dated December 1, 2011.
23. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Castlewood Capital Group, S.A. dated December 1, 2011.
24. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Highwave Management Corp. dated December 1, 2011.
25. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Streetside Holdings AG dated December 1, 2011.
26. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Artco Capital Ltd. dated December 1, 2011.
27. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Insight Holdings, S.A. dated December 1, 2011.
28. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Emerald International Corporation dated December 1, 2011.
29. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Saffron Ventures GmbH dated December 1, 2011.
30. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Liberty Investment Services Ltd. dated December 1, 2011.
31. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Macy Ocean Enterprises, Inc. dated December 1, 2011.
32. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Neutral Bay Investments, S.A. dated December 1, 2011.
33. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Diamond Peak Resource Corporation dated December 1, 2011.
34. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of Initial Three Silver Properties) with Western Treasure Holdings Corp. dated December 1, 2011.
35. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of “Ester Basin” Gold Property) with Searchlight Exploration, LLC dated December 1, 2011.

36. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Stelan Real Estate Management, Inc. dated December 1, 2011.
37. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Castlewood Capital Group, S.A. dated December 1, 2011.
38. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Highwave Management Corp. dated December 1, 2011.
39. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Streetside Holdings AG dated December 1, 2011.
40. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Artco Capital Ltd. dated December 1, 2011.
41. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Insight Holdings, S.A. dated December 1, 2011.
42. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Emerald International Corporation dated December 1, 2011.
43. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Saffron Ventures GmbH dated December 1, 2011.
44. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Liberty Investment Services Ltd. dated December 1, 2011.
45. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Macy Ocean Enterprises, Inc. dated December 1, 2011.
46. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Neutral Bay Investments, S.A. dated December 1, 2011.
47. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Diamond Peak Resource Corporation dated December 1, 2011.
48. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Ester Basin" Gold Property) with Western Treasure Holdings Corp. dated December 1, 2011.
49. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Searchlight Exploration, LLC dated December 1, 2011.
50. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Anaconda Exploration, LLC dated December 1, 2011.

51. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Stelan Real Estate Management, Inc. dated December 1, 2011.
52. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Castlewood Capital Group, S.A. dated December 1, 2011.
53. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Highwave Management Corp. dated December 1, 2011.
54. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Streetside Holdings AG dated December 1, 2011.
55. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Artco Capital Ltd. dated December 1, 2011.
56. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Insight Holdings, S.A. dated December 1, 2011.
57. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Emerald International Corporation dated December 1, 2011.
58. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Saffron Ventures GmbH dated December 1, 2011.
59. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Liberty Investment Services Ltd. dated December 1, 2011.
60. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Macy Ocean Enterprises, Inc. dated December 1, 2011.
61. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Neutral Bay Investments, S.A. dated December 1, 2011.
62. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Diamond Peak Resource Corporation dated December 1, 2011.
63. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Clara" Gold Property) with Western Treasure Holdings Corp. dated December 1, 2011.
64. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Searchlight Exploration, LLC dated December 1, 2011.
65. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Anaconda Exploration, LLC dated December 1, 2011.

66. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Stelan Real Estate Management, Inc. dated December 1, 2011.
67. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Castlewood Capital Group, S.A. dated December 1, 2011.
68. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Highwave Management Corp. dated December 1, 2011.
69. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Streetside Holdings AG dated December 1, 2011.
70. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Artco Capital Ltd. dated December 1, 2011.
71. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Insight Holdings, S.A. dated December 1, 2011.
72. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Emerald International Corporation dated December 1, 2011.
73. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Saffron Ventures GmbH dated December 1, 2011.
74. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Liberty Investment Services Ltd. dated December 1, 2011.
75. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Macy Ocean Enterprises, Inc. dated December 1, 2011.
76. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Neutral Bay Investments, S.A. dated December 1, 2011.
77. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Diamond Peak Resource Corporation dated December 1, 2011.
78. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of "Burnt Well" Gold Property) with Western Treasure Holdings Corp. dated December 1, 2011.
79. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Searchlight Exploration, LLC dated December 1, 2011.
80. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Middle Verde Development Co., LLC dated December 1, 2011.

81. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Stelan Real Estate Management, Inc. dated December 1, 2011.
82. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Castlewood Capital Group, S.A. dated December 1, 2011.
83. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Highwave Management Corp. dated December 1, 2011.
84. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Streetside Holdings AG dated December 1, 2011.
85. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Artco Capital Ltd. dated December 1, 2011.
86. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Insight Holdings, S.A. dated December 1, 2011.
87. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Emerald International Corporation dated December 1, 2011.
88. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Saffron Ventures GmbH dated December 1, 2011.
89. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Liberty Investment Services Ltd. dated December 1, 2011.
90. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Macy Ocean Enterprises, Inc. dated December 1, 2011.
91. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Neutral Bay Investments, S.A. dated December 1, 2011.
92. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Diamond Peak Resource Corporation dated December 1, 2011.
93. Amended and Extended Time Frame Convertible Loan Note Agreement (Acquisition of additional claims at the "Kit Carson" Silver Property) with Western Treasure Holdings Corp. dated December 1, 2011.

Item 19 Articles of Incorporation and Bylaws.

Please see attached Articles of Incorporation and Bylaws

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers

N/A

Item 21 Issuer's Certification

I, Ronald Y. Lowenthal certify that:

I have reviewed this quarterly disclosure statement of GNCC Capital, Inc.;

Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operation and cash flows of the issuer, as of, and for, the periods presented in this disclosure statement.

.

Date: December 12, 2011

/s/ Ronald Y. Lowenthal

Ronald Y Lowenthal, President

Forward-Looking Statements:

The information contained herein regarding risks and uncertainties, which may differ materially from those set forth in these statements, in addition to the economic, competitive, governmental, technological and other factors, constitutes a "forward-looking statement" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 and is subject to the safe harbors created thereby. While GNCC Capital, Inc. believes that the assumptions underlying such forward-looking information are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking information will prove to be accurate. Accordingly, there may be differences between the actual results and the predicted results, and actual results may be materially higher or lower than any of those indicated in the forward-looking information contained herein.

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the size of the Board of Directors is increased by one seat to a total of two seats, effective immediately. If required, the By-Laws of the Company are hereby amended to reflect the increased size of the Board of Directors; and be it

FURTHER RESOLVED, that Ronald Yadin Lowenthal is hereby appointed Director of the Company to fill the vacant second seat created by the previous Resolution. Mr. Lowenthal shall serve as a member of the Company's Board of Directors until the Company's next Annual Meeting and until his successor is duly elected and qualified.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of April 19, 2010

DIRECTORS

Joseph Bartel

Joseph Bartel

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the following individuals are hereby elected officers of the Company, to serve until the latter of the next annual meeting of shareholders or until their respective successors are duly elected and qualified:

President and Chief Executive Officer (CEO)	Ronald Yadin Lowenthal
Chief Financial Officer	Ronald Yadin Lowenthal
Secretary	Ronald Yadin Lowenthal
Treasurer	Ronald Yadin Lowenthal

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of April 20, 2010

DIRECTORS



_____

Ronald Yadin Lowenthal

RESIGNATION OF JOSEPH BARTEL

I hereby resign from any and all of my positions as Director or Officer of GNCC Capital, Inc., a Delaware corporation, effective immediately.

Joseph Bartel

Joseph Bartel
Date: April 19, 2010

EMPLOYMENT AND SERVICE AGREEMENT

This employment agreement (this "Agreement"), dated as of April 30, 2010 (the "Effective Date"), is made by and between GNCC Capital, Inc., a Delaware corporation (the "Corporation"), and Ronald Yadin Lowenthal (the "Executive") (each, a "Party" and together, the "Parties").

WHEREAS, the Executive is employed as President and Chief Executive Officer of the Corporation; and

WHEREAS, the Parties wish to establish the terms of the Executive's employment by the Corporation;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. **POSITION/DUTIES:-**

(a) During the Employment Term (as defined in Section 2 below), the Executive shall serve as President and as the Chief Executive Officer of the Corporation. In this capacity the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other reasonable duties and responsibilities as the Board of Directors of the Corporation (the "Board") shall designate. The Executive shall report directly to the Board of Directors of the Corporation. The Executive shall obey the lawful directions of the Board and shall use his diligent efforts to promote the interests of the Corporation and to maintain and promote the reputation thereof.

(b) During the Employment Term, the Executive shall use his best efforts to perform his duties under this Agreement and shall as much of his time energy and skill in the performance of his duties with the Corporation.

2. **EMPLOYMENT TERM:-**

Except for earlier termination as provided in Section 6, the Executive's employment under this Agreement shall be for a **two-year term** commencing on the Effective Date and ending on April 30, 2012 (the "Employment Term").

3. **BASE SALARY:-**

The Corporation agrees to pay to the Executive a base salary at an annual rate of not less than US$50,000 (Fifty thousand dollars), payable in accordance with the regular payroll practices of the Corporation. The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof). The base salary as determined herein from time to time shall constitute "Base Salary" for purposes of this Agreement**.** It is recorded that the Executive shall receive the full settlement of his first 2 (two) years' base salary through the issue by the Corporation to the Executive of an amount of 2,500,000 (Two million five hundred thousand) restricted shares of the Corporation's shares of Common Stock; issued to the Executive at a price of US$0.02 per share of Common Stock.

These shares of the Corporation's Common Stock shall not be available to be assigned, pledged, sold, lent or in any way alienated for a period of 2 (two) years commencing from the date this Agreement. These shares are restricted under Regulation 144 and shall be held "on book" by the Transfer Agent to the Corporation; for an on behalf of the Executive. The Executive shall not be permitted to request these shares of the Corporation's Common Stock, in certificated form, until the expiration of the 2 (two) years from the date of their issue to the Executive.

4. **BONUS:-**

With respect to each full fiscal year during the Employment Term, the Executive shall be eligible to earn an annual bonus (the "Annual Bonus") in such amount, if any, as determined in the sole discretion of the Board of up to 100% (One hundred percent) of the Executive's Base Salary. In addition, the Executive shall be eligible to participate in the Corporation's bonus and other incentive compensation plans and programs (if any) for the Corporation's senior executives at a level commensurate with his position and may be entitled to bonus payments in addition to the amount set forth hereinabove.

5. **EMPLOYEE BENEFITS:-**

(a) **Benefit Plans.**

The Executive shall be eligible to participate in any employee benefit plan of the Corporation, including, but not limited to, equity, pension, thrift, profit sharing, medical coverage, education, or other retirement or welfare benefits that the Corporation has adopted or may adopt, maintain or contribute to for the benefit of its senior executives, at a level commensurate with his positions, subject to satisfying the applicable eligibility requirements. The Corporation may at any time or from time to time amend, modify, suspend or terminate any employee benefit plan, program or arrangement for any reason in its sole discretion.

(b) **Vacation:-**

The Executive shall be entitled to an annual paid vacation in accordance with the Corporation's policy applicable to senior executives from time to time in effect, but in no event less than two weeks per calendar year (as prorated for partial years), which vacation may be taken at such times as the Executive elects with due regard to the needs of the Corporation. The carry-over of vacation days shall be in accordance with the Corporation's policy applicable to senior executives from time to time in effect.

(c) **Business and Entertainment Expenses:-**

Upon presentation of appropriate documentation, the Executive shall be reimbursed for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of his duties hereunder, all in accordance with the Corporation's expense reimbursement policy applicable to senior executives from time to time in effect.

(d) **Signing Bonus:-**

Upon execution of this Agreement, the Executive shall be awarded a "Signing" bonus to be settled through the issuance of 9,500,000 (Nine million five hundred thousand) restricted shares of the Corporation's Common Stock and at a price of US$0.02 per share.

These shares of the Corporation's Common Stock shall not be available to be assigned, pledged, sold, lent or in any way alienated for a period of 3 (three) years commencing from the date this Agreement. These shares are restricted under Regulation 144 and shall be held "on book" by the Transfer Agent to the Corporation; for an on behalf of the Executive. The Executive shall not be permitted to request these shares of the Corporation's Common Stock, in certificated form, until the expiration of the 3 (three) years from the date of their issue to the Executive.

(e) **Liability Insurance**

The Corporation undertakes to procure suitable and necessary Director's Liability Insurance for the Executive. The costs of this Insurance are to be borne by the Corporation.

6. **TERMINATION:-**

The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **Disability:-**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of termination due to Disability. For purposes of this Agreement, "Disability" shall mean a determination by the Corporation in accordance with applicable law that due to a physical or mental injury, infirmity or incapacity, the Executive is unable to perform the essential functions of his job with or without accommodation for 180 days (whether or not consecutive) during any 12-month period.

(b) **Death:-**

Automatically upon the date of death of the Executive.

(c) **Cause:-**

Immediately upon written notice by the Corporation to the Executive of a termination for Cause. "Cause" shall mean, as determined by the Board (or its designee) (1) conduct by the Executive in connection with his employment duties or responsibilities that is fraudulent, unlawful or grossly negligent; (2) the willful misconduct of the Executive; (3) the willful and continued failure of the Executive to perform the Executive's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness); (4) the commission by the Executive of any felony (or the equivalent under the law of the People's Republic of China) (other than traffic-related offenses) or any crime involving moral turpitude; (5) violation of any material policy of the Corporation or any material provision of the Corporation's code of conduct, employee handbook or similar documents; or (6) any material breach by the Executive of any provision of this Agreement or any other written agreement entered into by the Executive with the Corporation.

(d) **Without Cause:**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of an involuntary termination without Cause, other than for death or Disability.

(e) **Good Reason.**

On the sixtieth (60th) day following written notice by the Executive to the Corporation of a termination for Good Reason. "Good Reason" shall mean, without the express written consent of the Executive, the occurrence of any the following events unless such events are cured (if curable) by the Corporation within fifteen days following receipt of written notification by the Executive to the Corporation that he intends to terminate his employment hereunder for one of the reasons set forth below: any material reduction or diminution (except temporarily during any period of incapacity due to physical or mental illness) in the Executive's title, authorities, duties or responsibilities or reporting requirements with the Corporation.

7. **CONSEQUENCES OF TERMINATION:-**

(a) **Disability:-**

Upon termination of the Employment Term because of the Executive's Disability, the Corporation shall pay or provide to the Executive (1) any unpaid Base Salary and any accrued vacation through the date of termination; (2) any unpaid Annual Bonus accrued with respect to the fiscal year ending on or preceding the date of termination; (3) reimbursement for any unreimbursed expenses properly incurred through the date of termination; and (4) all other payments or benefits to which the Executive may be entitled under the terms of any applicable employee benefit plan, program or arrangement (collectively, "Accrued Benefits").

(b) **Death:-**

Upon the termination of the Employment Term because of the Executive's death, the Executive's estate shall be entitled to any Accrued Benefits.

(c) **Termination for Cause:-**

Upon the termination of the Employment Term by the Corporation for Cause or by either party in connection with a failure to renew this Agreement, the Corporation shall pay to the Executive any Accrued Benefits.

(d) **Termination without Cause or for Good Reason:-**

Upon the termination of the Employment Term by the Corporation without Cause or by the Executive with Good Reason, the Corporation shall pay or provide to the Executive (1) the Accrued Benefits, and (2) subject to the Executive's execution (and non-revocation) of a general release of claims against the Corporation and its affiliates in a form reasonably requested by the Corporation, (A) continued payment of his Base Salary for 6 (six) months after termination, payable in accordance with the regular payroll practices of the Corporation, but off the payroll; and (B) payment of the Executive's cost of continued medical coverage for (6) six months after termination (subject to the Executive's co-payment of the costs in the same proportion as such costs were shared immediately prior to the date of termination). Payments provided under this Section 7(d) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Corporation.

8. **NO ASSIGNMENT:-.**

This Agreement is personal to each of the Parties. Except as provided below, no Party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other Party hereto; provided, however, that the Corporation may assign this Agreement to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation.

9. **NOTICES**:-

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (1) on the date of delivery if delivered by hand, (2) on the date of transmission, if delivered by confirmed facsimile, (3) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (4) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

MR. R Y LOWENTHAL
Renasa House
170 Oxford Road
Melrose, Gauteng
2126
REPUBLIC OF SOUTH AFRICA

If to the Corporation:

GNCC CAPITAL, INC.
2870 S. Jones Blvd.
Las Vegas
NV 89146

or to such other address as either Party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. **PROTECTION OF THE CORPORATION'S BUSINESS:-**

(a) **Confidentiality:-**

The Executive acknowledges that during the course of his employment by the Corporation (prior to and during the Employment Term) he has and will occupy a position of trust and confidence. The Executive shall hold in a fiduciary capacity for the benefit of the Corporation and shall not disclose to others or use, whether directly or indirectly, any Confidential Information regarding the Corporation, except (i) as in good faith deemed necessary by the Executive to perform his duties hereunder, (ii) to enforce any rights or defend any claims hereunder or under any other agreement to which the Executive is a party, provided that such disclosure is relevant to the enforcement of such rights or defense of such claims and is only disclosed in the formal proceedings related thereto, (iii) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Corporation or by any administrative or legislative body (including a committee thereof) with jurisdiction to order him to divulge, disclose or make accessible such information, provided that the Executive shall give prompt written notice to the Corporation of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Corporation to obtain a protective order or similar treatment, (iv) as to such Confidential Information that shall have become public or known in the Corporation's industry other than by the Executive's unauthorized disclosure, or (v) to the Executive's spouse, attorney and/or his personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"), provided, however, that any disclosure or use of Confidential Information by an Exempt Person shall be deemed to be a breach of this Section 10(a) by the Executive. The Executive shall take all reasonable steps to safeguard the Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive understands and agrees that the Executive shall acquire no rights to any such Confidential Information. "Confidential Information" shall mean information about the Corporation, its subsidiaries and affiliates, and their respective clients and customers that is not disclosed by the Corporation and that was learned by the Executive in the course of his employment by the Corporation, including, but not limited to, any proprietary knowledge, trade secrets, data and databases, formulae, sales, financial, marketing, training and technical information, client, customer, supplier and vendor lists, competitive strategies, computer programs and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information.

(b) **Non-Competition:-**

During the Employment Term and for the one-year period following the termination of the Executive's employment for any reason (the "Restricted Period"), the Executive shall not, directly or indirectly, without the prior written consent of the Corporation, provide employment (including self-employment), directorship, consultative or other services to any business, individual, partner, firm, corporation, or other entity that directly competes with any business conducted by the Corporation or any of its subsidiaries or affiliates on the date of the Executive's termination of employment or within one year of the Executive's termination of employment in the geographic locations where the Corporation and its subsidiaries or affiliates engage or propose to engage in such business (the "Business"). Nothing herein shall prevent the Executive from having a passive ownership interest of not more than 9% (Nine percent) of the outstanding securities of any entity engaged in the Business whose securities are traded on a United States of America - National Securities Exchanges. The Corporation acknowledges that the Executive serves as the President and Chief Executive Officer of North American Gold & Minerals Fund.

(c) **Non-Solicitation of Employees:-**

The Executive recognizes that he possesses and will possess confidential information about other employees of the Corporation and its subsidiaries and affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of the Corporation and its subsidiaries and affiliates. The Executive recognizes that the information he possesses and will possess about these other employees is not generally known, is of substantial value to the Corporation and its subsidiaries and affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by him because of his business position with the Corporation. The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, (i) solicit or recruit any employee of the Corporation or any of its subsidiaries or affiliates (a "Current Employee") or any person who was an employee of the Corporation or any of its subsidiaries or affiliates during the twelve (12) month period immediately prior to the date the Executive's employment terminates (a "Former Employee") for the purpose of being employed by him or any other entity, or (ii) hire any Current Employee or Former Employee.

(d) **Non-Solicitation of Customers:-**

The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, solicit or attempt to solicit (i) any party who is a customer or client of the Corporation or its subsidiaries, who was a customer or client of the Corporation or its subsidiaries at any time during the 12 (twelve) month period immediately prior to the date the Executive's employment terminates or who is a direct customer or client that has been identified and targeted by the Corporation or its subsidiaries for the purpose of marketing, selling or providing to any such party any services or products offered by or available from the Corporation or its subsidiaries, or (ii) any supplier or vendor to the Corporation or any subsidiary to terminate, reduce or alter negatively its relationship with the Corporation or any subsidiary or in any manner interfere with any agreement or contract between the Corporation or any subsidiary and such supplier or vendor.

(e) **Property**:-

The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Corporation or its subsidiaries are the sole property of the Corporation and its subsidiaries ("Corporation Property"). During the Employment Term, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Corporation or its subsidiaries, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Corporation or its subsidiaries, except in furtherance of his duties under this Agreement. When the Executive's employment with the Corporation terminates, or upon request of the Corporation at any time, the Executive shall promptly deliver to the Corporation all copies of Corporation Property in his possession or control.

(f) **Non-Disparagement:-**

Executive shall not, and shall not induce others to, Disparage the Corporation or its subsidiaries or affiliates or their past and present officers, directors, employees or products. "Disparage" shall mean making comments or statements to the press, the Corporation's or its subsidiaries' or affiliates' employees or any individual or entity with whom the Corporation or its subsidiaries or affiliates has a business relationship which would adversely affect in any manner (1) the business of the Corporation or its subsidiaries or affiliates (including any products or business plans or prospects), or (2) the business reputation of the Corporation or its subsidiaries or affiliates, or any of their products, or their past or present officers, directors or employees.

(g) **Cooperation:-**

Subject to the Executive's other reasonable business commitments, following the Employment Term, the Executive shall be available to cooperate with the Corporation and its outside counsel and provide information with regard to any past, present, or future legal matters which relate to or arise out of the business the Executive conducted on behalf of the Corporation and its subsidiaries and affiliates, and, upon presentation of appropriate documentation, the Corporation shall compensate the Executive for any out-of-pocket expenses reasonably incurred by the Executive in connection therewith.

(h) **Equitable Relief and Other Remedies:-**

The Executive acknowledges and agrees that the Corporation's remedies at law for a breach or threatened breach of any of the provisions of this Section 10 would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened or attempted breach, in addition to any remedies at law, the Corporation, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. In addition, without limiting the Corporation's remedies for any breach of any restriction on the Executive set forth in this Section 10, except as required by law, the Executive shall not be entitled to any payments set forth in Section 7(d) hereof if the Executive has breached the covenants applicable to the Executive contained in this Section 10, the Executive will immediately return to the Corporation any such payments previously received under Section 7(d) upon such a breach, and, in the

event of such breach, the Corporation will have no obligation to pay any of the amounts that remain payable by the Corporation under Section 7(d).

(i) **Reformation:-**

If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state. The Executive acknowledges that the restrictive covenants contained in this Section 10 are a condition of this Agreement and are reasonable and valid in temporal scope and in all other respects.

(j) **Survival of Provisions:-**

The obligations contained in this Section 10 shall survive in accordance with their terms the termination or expiration of the Executive's employment with the Corporation and shall be fully enforceable thereafter.

11. **INDEMNIFICATION**:-

The Executive shall be indemnified to the extent permitted by the Corporation's organizational documents and to the extent required by law.

12. **SECTION HEADINGS AND INTERPRETATION:-**

The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Expressions of inclusion used in this agreement are to be understood as being without limitation.

13. **SEVERABILITY:-**

The provisions of this Agreement shall be deemed severable and the invalidity of unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

14. **COUNTERPARTS:-**

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

15. **GOVERNING LAW AND VENUE:-**

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada without regard to its conflicts of law principles. The Parties agree irrevocably to submit to the exclusive jurisdiction of the federal courts or, if no federal jurisdiction exists, the state courts, located in the City of New York, Borough of Manhattan, for the purposes of any suit, action or other proceeding brought by any Party arising out of any breach of any of the provisions of this Agreement and hereby waive, and agree not to assert by way of motion, as a defense or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the provisions of this Agreement may not be enforced in or by such courts. **IN ADDITION, THE PARTIES AGREE TO WAIVE A TRIAL BY JURY.**

16. **ENTIRE AGREEMENT:-**

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

17. **WAIVER AND AMENDMENT:-**

No provision of this Agreement may be modified, amended, waived or discharged unless such waiver, modification, amendment or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either Party at any time of any breach by the other Party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver or similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

18. **WITHHOLDING:-**

The Corporation may withhold from any and all amounts payable under this Agreement such federal, state, local and foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

19. **AUTHORITY AND NON-CONTRAVENTION**:-

The Executive represents and warrants to the Corporation that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him form entering into this Agreement or performing all of his obligations hereunder.

20. **COUNTERPARTS**:-

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

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

GNCC CAPITAL, INC.



_____

By: RONALD YADIN LOWENTHAL
Title: SOLE DIRECTOR

THE EXECUTIVE



_____

RONALD YADIN LOWENTHAL

Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

10% Convertible Note due 2011

Issue Date: MAY 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ANGEL VEST, LLC or its registered assigns, the principal sum of US$47,460.05 (Forty seven thousand four hundred and sixty dollars and five cents) on May 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the Company enter into a Silver Project Acquisition Agreement with Middle Verde Development Co., LLC, Searchlight Exploration, LLC and other Sellers; effective immediately; and

FURTHER RESOLVED, that the Silver Project Acquisition Agreement is HEREBY APPROVED; and

FURTHER RESOLVED, that the Company's Transfer Agent is hereby directed to issue to the Sellers an amount of 97,000,000 (Ninety seven million) shares of restricted Common Stock, US$0.00001 par value, of the Company.

FURTHER RESOLVED, that the shares of restricted Common Stock issued to the Sellers will be issued at a price of US$0.02 (Two cents) per share.

FURTHER RESOLVED, that the Company issue Convertible Notes to the Sellers in the Principal amount of US$7,184,000 (seven million one hundred and eighty four thousand dollars) bearing interest at 5% (Five percent) per annum.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of May 3, 2010.

SOLE DIRECTOR



_____

RONALD YADIN LOWENTHAL

SILVER

PROJECT ACQUISITION AGREEMENT

AMONG

GNCC CAPITAL, INC.,

MIDDLE VERDE DEVELOPMENT CO., LLC
SEARCHLIGHT EXPLORATION, LLC

AND

THE OTHER SELLERS IDENTIFIED IN EXHIBIT B

Dated as of May 3, 2010

SILVER
PROJECT ACQUISITION AGREEMENT

This SILVER PROJECT ACQUISITION AGREEMENT (this "Agreement"), dated as of May 3, 2010 is made by and between GNCC Capital, Inc., a Delaware corporation with an address of 2870 S. Jones Blvd., Las Vegas, NV 89146 ("Company"), Middle Verde Development Co., LLC an Arizona limited liability company with offices at 9212 Empire Rock Street., Las Vegas, NV 89143 U.S.A. ("Middle Verde"), Searchlight Exploration, LLC, an Arizona limited liability company with an address of 9212 Empire Rock Street, Las Vegas, NV 89143 ("Searchlight") (Middle Verde and Searchlight are collectively referred to herein as "Claimholder") and the other Sellers identified in Exhibit B hereto (Middle Verde, Searchlight and such other Sellers being hereinafter referred to as the "Sellers").

1. Summary of Transaction.

In consideration of US$7,184,000 (Seven million one hundred and eighty four thousand) principal amount of the Company's 5% (Five percent) Convertible Notes in the form of Exhibit C hereto and an amount of 97,000,000 (Ninety seven million) restricted shares of the Company's Common Stock to be issued to Sellers and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Claimholder hereby sells to the Company the unpatented lode mining claims and other property known as the "Kit Carson", "Potts Mountain" and "Silverfield" Silver Projects and more particularly described in Exhibit A hereto (the "Property") upon the terms and conditions set forth in this Agreement.

2. Title to the Property.

A. Claimholder hereby represents and warrants to Company as follows:

(i) Claimholder owns or is able to convey a full and undivided interest in and to each of the unpatented mining claims included in the Property as of the date hereof;

(ii) To the best of the knowledge, information and belief of Claimholder, all such claims have been validly located and maintained in accordance with all applicable laws and regulations;

(iii) All such claims are free and clear of all liens, claims, and encumbrances whatsoever, subject only to the paramount interest of the United States of America and / or the State of Arizona; all taxes, if any, which may be or which may become a lien upon the Property, as of the date hereof, have been paid;

(iv) The Property is not in any manner encumbered as a result of any conduct or activity of Claimholder;

(vi) Having secured the approval of its members to the terms and conditions of this Agreement, Claimholder has full and complete authority to execute this Agreement and to grant the rights herein conferred on Company; and

(vii) Claimholder has no knowledge that any of the mining claims comprising the Property are invalid, or that, except for any patented ground lying within the Project Area, there are other senior mining claims in conflict with any of such claims.

3. Payments by the Company.

Following transfer of title to the Property under Section 7, Company shall pay to Claimholder (i) the Claimholder's net profits interest (NPI) under Section 8A and (ii) the Claimholder's net smelter return (NSR) royalty under Section 8B. Company's obligation to make payment under Section 8A and Section 8B shall cease to accrue on the first to occur of (i) completion by Company of mining operations, residual leaching and reclamation in the Project Area or (ii) other decision of Company to terminate operations in the Project Area and, if Claimholder so desires, to re-convey the property to Claimholder once reclamation and other environmental obligations have been satisfied, although this provision shall not relieve Company from its obligation to make payments that accrued prior to such occurrence.

C. All payments shall be paid in US dollars in immediately available funds.

D. Company hereby represents and warrants to Claimholder that it has adequate financial resources to make the payments required under this Section 3, as well as the Work Expenditures required under Section 4.

E. Company will promptly issue to each Seller the Convertible Promissory Notes, in the form of Exhibit C and the shares of restricted Common Stock to the Sellers as set forth in Exhibit B.

F. On or before December 31, 2011, whether by public offering, private placement or otherwise, Company will reimburse Claimholder for its cost of staking additional claims at the Property as agreed between Claimholder and Company.

4. Work Expenditures.

Until the earlier of (a) termination by Company of this Agreement under Section 6 or (b) transfer of title to the Company under Section 7, Company shall make the work expenditures on or for the benefit of the Property in the following amounts:

A. The sum of US$100,000 (One hundred thousand dollars) on or before June 30, 2012.

B. The sum of US$100,000 (One hundred thousand dollars) on or before December 31 of each year thereafter.

Any excess of Work Expenditures in any year shall be carried forward to the succeeding year. If Work Expenditures in any year are deficient and Company desires to maintain this Agreement in effect, Company shall pay Claimholder in immediately available funds a sum equal to the deficiency in lieu of the Work Expenditure shortfall. For purposes of this Agreement, "Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

5. Rights and Obligations During Term.

The parties shall have the following rights and obligations prior to termination of this Agreement:

A. Access to Property and Provision of Data.

Company shall have full access to the Property to conduct such investigations and examinations as Company may deem desirable and to all information and data in Claimholder's possession and control pertaining to the Property necessary or desirable to enable Company to fully evaluate the Property and its commercial feasibility. Claimholder agrees to cooperate fully with Company in its investigation.

B. Activities by Company.

Company shall have exclusive possession of the Property, subject to the paramount rights of the United States and / or the State of Arizona with respect to unpatented mining claims included in the Property, and shall have the exclusive right to conduct such exploration, evaluation, and development activities on the Property (including bulk sampling) as Company may desire. Claimholder shall provide at Company's expense all reasonable assistance to Company for the obtaining of any permits, licenses, and third party consents needed for such work. Company shall also have the right to contact the pertinent federal, state, and local permitting agencies, and to negotiate with such agencies.

C. Maintenance of Property.

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment. Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

D. Sharing of Data.

During each year, Company will share with Claimholder all information (including interpretive and non-interpretive data, subject to typical disclaimers regarding interpretive data and statements that Claimholder may not rely upon the same) obtained from the exploration, evaluation, and development activities pertaining to the Property, including providing a copy of any geological and other principal reports relating to the Property, and will report to Claimholder in writing at least quarterly regarding the progress of the exploration and evaluation work and Work Expenditures made during the period.

E. Claimholder Access to Property.

Claimholder may have access to the Property at its sole risk on reasonable notice, and shall be entitled to conduct tours of the Property for investor relations and financing activities. Claimholder's exercise of its access rights shall not interfere in any way with Company's operations on the Property, which shall take precedence in the event of any conflict.

F. Conduct of Operations by Company at the Property.

All of the exploration, development, mining, milling and related work and any other activities which may be performed by Company or its agents or contractors hereunder shall be performed in accordance with all of the terms and conditions of this Agreement and good mining practices, but the timing, nature, manner and extent of any exploration, development or any other operations or activities hereunder shall be in the sole discretion of Company, and there shall be no implied covenant to begin or continue any such operations or activities.

G. Indemnity.

Except for damages sustained by Claimholder while on the Property pursuant to Section 5F., Company agrees to indemnify and hold Claimholder and its affiliates, and their respective, officers, directors, employees, agents, members, partners and agents harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) that may be incurred for injury to or death of persons or damage to property, or otherwise, as a result of Company or its agents or contractors conducting any operations on or in connection with the Property.

H. Insurance.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices. Company agrees that Claimholder shall be named as an additional insured on all such policies, and agrees to forward to Claimholder certificates of such insurance policies not later than 10 days prior to the date that Company commences any such activities on the Property. Company shall have no right to commence any such activities until such certificates are delivered to Claimholder.

I. Compliance with Laws.

Company agrees to conduct and perform all of its operations at the Property during the term of this Agreement in compliance with all valid and applicable federal, state and local laws, rules and regulations, including without limitation laws, rules and regulations pertaining to environmental protection, human health and safety, social security, unemployment compensation, wages and hours and conditions of labor, and Company shall indemnify and hold Claimholder harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) arising from or related to Company's failure to comply with said laws.

J. Taxes.

During the term of this Agreement, Company shall be responsible for payment of all taxes levied or assessed upon or against the Property, as well as any facilities or improvements located thereon.

K. Liens and Encumbrances.

Company shall keep title to the Property free and clear of all liens and encumbrances resulting from its operations hereunder; provided, however, that Company may refuse to pay any claim asserted against it which it disputes in good faith. At its sole cost and expense, Company shall contest any suit, demand or action commenced to enforce such a claim and, if the suit, demand or action is decided by a court or other authority of ultimate and final jurisdiction against Company or the Property, Company shall promptly pay the judgment and shall post any bond and take all other action necessary to prevent any sale or loss of the Property or any part thereof. Company shall permit Claimholder to post Notices of Non-Responsibility at the collars of any shafts and in other locations required under Arizona law in order to prevent certain liens from attaching to the Property, and Company shall take all actions reasonably necessary to keep such notices posted in these locations.

L. Reclamation and Remediation.

Company shall reclaim the Property, to the extent disturbed by Company during the term of this Agreement, in accordance with and as required by applicable federal, state and local laws, rules and regulations.

6. Right to Terminate.

A. Termination.

(1) By the Company. Company may terminate this Agreement at any time at its sole option by giving Claimholder 120 (One hundred and twenty) days' prior written notice, upon which all rights and obligations of the parties under this Agreement shall cease, except for any limitation of liability, indemnification, and confidentiality provisions set forth herein; provided, however, that (i) if Company terminates this Agreement after April 1 of any year, Company agrees to pay governmental fees and make all governmental filings necessary to maintain the unpatented mining claims for the assessment year commencing on September 1 next following such notice of termination and (ii) if Company terminates this Agreement on or before April 30 of any year, Company shall remain obligated to comply with Section 4 for the contract year ended December 31 of such year.

(2) By Claimholder.

In the event that (i) Company shall fail to pay any of its monetary obligations under this Agreement when due and shall not pay same within 60 (Sixty) days following notice thereof by Claimholder or (ii) Company shall fail to perform any of its nonmonetary obligations under this Agreement and shall not cure its failure within 60 (Sixty) days following notice thereof by Claimholder (in each case an "uncured default"), Claimholder may terminate this Agreement upon 30 (Thirty) days written notice to Company. Termination pursuant to this Section 6.A.(2) shall not excuse Company from any of its obligations which accrued prior to the date of termination, and Claimholder shall retain all of its rights in law or in equity with respect thereto.

B. Return of Data.

As soon as practicable upon the termination of this Agreement, Company shall return to Claimholder copies of all title, environmental, metallurgical, geological, geophysical, milling and other data concerning the Property and furnished by Claimholder or previous owners of the Property or their agents or consultants to Company. At such time, Company shall also make available to Claimholder for examination and copying all survey maps, drill hole logs, sample locations and assays developed by Company with respect to the Property during the term of this Agreement and not previously made available to Claimholder and shall transfer custody to Claimholder of all drill cores.

C. Release.

Upon termination of this Agreement, Company will promptly execute and deliver to Claimholder appropriate documents of conveyance releasing and conveying its interest in the Property to Claimholder.

D. Surrender of Possession and Removal of Equipment.

Upon termination of this Agreement, Company shall surrender possession of the Property, subject to the condition that Company shall have the right at any time within one year (or such longer period as Company can demonstrate is reasonably necessary) after such surrender or termination of this Agreement to (i) complete any reclamation obligations required of Company under this Agreement or by governmental law or regulation and (ii) remove all of its tools, equipment, machinery, supplies, fixtures, buildings, structures and other property erected or placed on such property by Company, excepting only timber, chutes and ladders in place for underground entry and support. Title to such property not removed within the time period set forth above shall, at the election of Claimholder, pass to Claimholder. Alternatively, at the end of the time period set forth above, Claimholder may remove any such property from the Property and dispose of same in a commercially reasonable manner, all at the expense of Company.

7. Transfer of Title.

Title to the Property shall be transferred to the Company only upon completion of each and every one of the following conditions: (a) the completion of a "positive" feasibility study for the Property, (b) the making of an affirmative production decision for the Property by Company's and any parent corporation's Boards of Directors and (c) presentation to Claimholder of evidence satisfactory to Claimholder that Company has obtained the financing necessary to develop and operate the Property. Unless there is an uncured default by the Company that is continuing, Claimholder shall deliver to Company, within 5 (five) business days of the notice of satisfaction of the conditions set forth in the previous sentence, a special warranty deed in form satisfactory to Company transferring title to a 100% (One hundred percent) interest in the Property, and reserving to Claimholder the net profits interest ("NPI") in production from the Property and the net smelter returns royalty ("NSR"), each as set forth in Section 8 below. Company shall promptly record said deed with the Yavapai County Recorder and with the Arizona State Office of the Bureau of Land Management.

8. Claimholder NPI and NSR Royalty.

A. Claimholder NPI.

Middle Verde reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

B. Net Smelter Returns Royalty.

In addition to Claimholder's NPI, Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

C. Payable in Kind; Payable Quarterly.

Claimholder may elect to receive in kind its NPI or its NSR Royalty (as described below). Both royalties shall be payable quarterly.

9. Cross - Indemnity.

Each party ("Indemnifying Party") agrees to defend, indemnify and hold harmless the other party, its successors, affiliates, assigns, officers, directors and employees, members, partners and agents ("Indemnitees") from and against any and all claims, actions suits, losses, liabilities, damages, assessments, judgments, costs and expenses, including reasonable attorney's fees, arising out of or pertaining to (i) any breach by the indemnifying party of any representation, warranty or obligation under this Agreement or (ii) any activities conducted by the Indemnifying Party or its agents on the Property.

10. Assignment.

Neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Claimholder may assign its interest at any time after December 31, 2010 to a third party without the consent of Company if such third party agrees to assume all of Claimholder's obligations under this Agreement, and provided further that Company may assign its interest to an affiliated company or a successor without the consent of Claimholder, provided that the assignee agrees to assume all of Company's obligations under this Agreement and has a tangible net worth no less than that of Company prior to the assignment.

11. Governing Law. Consent to Jurisdiction.

This Agreement shall be governed by the laws of the State of Arizona, excluding any conflicts of laws principles. Each party consents to the exclusive jurisdiction and venue of the federal and state courts sitting in Yavapai County, Arizona, U.S.A. over any dispute, claim, lawsuit or proceeding arising from or pertaining to this Agreement, and waives any argument that such courts are an "inconvenient forum".

12. Affiliated Companies.

Each party shall take such actions as may be necessary to cause its affiliates to comply with the obligations contemplated herein. "Affiliate" of a party means any person, partnership, joint venture, corporation, or other form of enterprise that directly or indirectly controls, is controlled by, or is under common control with, the party.

13. Notices.

All notices required or permitted to be given hereunder shall be in writing and shall be delivered to the parties by personal delivery, registered or certified mail, facsimile transmission, or express delivery service at the addresses set forth below, or to such other address as the parties may later designate by like notice to each other:

Company:

GNCC Capital, Inc.
2870 S. Jones Blvd.
Las Vegas, NV 89146, U.S.A.

Middle Verde:

Middle Verde Development Co., LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

Searchlight:

Searchlight Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

The Other Sellers:

As set forth on Exhibit B

All notices required or permitted to be given hereunder shall be deemed to have been given on the date of actual receipt.

14. Dollars.

All dollar ($) amounts used in this Agreement or any Exhibit or Schedule hereto are U.S. $ Dollars.

15. Other Business Opportunities.

This Agreement is, and the rights of the parties are strictly limited to the matters set forth herein. The parties shall have the free and unrestricted right to independently engage in and receive the full benefits of any and all business ventures of any sort whatever, whether or not competitive with the matters contemplated hereby, without consulting the other or inviting or allowing the other to participate therein.

16. Confidentiality.

Except as set forth in Section 18, the parties hereto agree to treat all data, reports, records and other information developed under this Agreement and applicable to the Property as confidential, and unless any party is required by any law, rule, regulation or order to disclose any of such information, it shall not be disclosed to any person other than consultants, contractors or potential investors or assignees, without the written agreement of both parties, which will not unreasonably be withheld.

17. Memorandum for Recording.

Promptly following execution and delivery of this Agreement, the parties shall execute for recording purposes a Memorandum of Conditional Sale Contract, setting forth the basic terms and conditions of this Agreement as necessitated or permitted by Arizona law. Company shall promptly record this Memorandum with the Yavapai County Recorder.

18. Public Announcements.

Disclosure of information relating to this Agreement or the Property may be made by either party if such information is required to be disclosed to any federal, state, provincial or local government or appropriate agencies and departments thereof or if such information is required by law, stock exchange rule or regulation to be publicly announced. Otherwise, public announcements or reports by either party of information relating to this Agreement or the Property shall be made only on the basis of agreed texts upon the prior written consent of the other party, which consent shall not unreasonably be withheld. Each of Claimholder and Company accordingly agrees that it will, not less than forty-eight hours in advance of making public any information referred to in the preceding sentence, give the other party written notice of the text of the proposed report and provide the non-disclosing party with the opportunity to object to the form and content thereof before the same is issued. The non-disclosing party shall respond within forty-eight hours of receipt of such notice, or its silence will constitute a waiver of objection to the terms of the proposed text.

19. Waiver; Amendment.

Any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but such waiver must be in writing and signed by the party granting the waiver. No such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction of any other term or condition thereof. Any of the terms or provisions of this Agreement may be amended or modified at any time, but only in a writing signed by each of the parties hereto.

20. Severability.

In the event that any one or more of the provisions contained in this Agreement or in any other instrument or agreement contemplated hereby shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any such other instrument or agreement.

21. Attorney's Fees.

In the event of any controversy, claim or dispute between the parties hereto, arising out of or pertaining to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

22. Further Assurances.

At the request of either party, the parties shall execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either party to effect the purposes of this Agreement and the transactions contemplated hereby.

23. Counterparts.

This Agreement may be executed in multiple counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

24. No Brokers or Finders.

Each party represents and warrants to the other party that all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by it in such manner as not to give rise to any valid claim against either party, or any third party, for a brokerage commission, finder’s fee or other fee or commission arising by reason of the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

Exhibit B

SELLERS

Name	Principal Amount of Convertible Notes	Number of Shares Issued
Middle Verde Development Co., LLC	US$ 390,567	5,275,000
Searchlight Exploration, LLC	US$ 390,567	5,275,000
Stelan Real Estate Management, Inc.	US$ 781,134	10,550,000
Castlewood Capital Group, S.A.	US$ 337,303	4,554,000
Highwave Management Corp.	US$ 449,739	6,072,000
Streetside Holdings AG	US$ 505,956	6,831,000
Artco Capital Ltd.	US$ 393,520	5,313,000
Insight Holdings, S.A.	US$ 505,956	6,831,000
Emerald International Corporation	US$ 449,739	6,072,000
Saffron Ventures GmbH	US$ 505,956	6,831,000
Liberty Investment Services Ltd.	US$ 505,956	6,831,000
Macy Ocean Enterprises, Inc.	US$ 449,739	6,072,000
Neutral Bay Investments, S.A.	US$ 505,956	6,831,000
Diamond Peak Resource Corporation	US$ 505,956	6,831,000
Western Treasure Holdings Corp.	US$ 505,956	6,831,000
TOTAL	**US$7,184,000**	**97,000,000**

Exhibit C (1 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MIDDLE VERDE DEVELOPMENT CO., LLC or its registered assigns, the principal sum of US$390,567 (Three hundred and ninety thousand five hundred and sixty seven dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (2 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$390,567 (Three hundred and ninety thousand five hundred and sixty seven dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (3 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$781,134 (Seven hundred and eighty one thousand one hundred and thirty four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in □ □□ □□Ĥ□□ d acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (4 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$337,303 (Three hundred and thirty seven thousand three hundred and three dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (5 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$449,739 (Four hundred and forty nine thousand seven hundred and thirty nine dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (6 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice □ ß □ ß to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (7 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL LTD or its registered assigns, the principal sum of US$393,520 (Three hundred and ninety three thousand five hundred and twenty dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (8 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (9 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$449,739 (Four hundred and forty nine thousand seven hundred and thirty nine dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (10 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (11 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (12 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$449,739 (Four hundred and forty nine thousand seven hundred and thirty nine dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (13 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (14 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (15 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP or its registered assigns, the principal sum of US$505,956 (Five hundred and five thousand nine hundred and fifty six dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$7,184,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the Company enter into a Gold Project Acquisition Agreement in respect of the "Esther Basin" Project with Searchlight Exploration, LLC and other Sellers; effective immediately; and

FURTHER RESOLVED, that the "Esther Basin" Gold Project Acquisition Agreement is HEREBY APPROVED; and

FURTHER RESOLVED, that the Company's Transfer Agent is hereby directed to issue to the Sellers an amount of 21,000,000 (Twenty one million) shares of restricted Common Stock, US$0.00001 par value, of the Company.

FURTHER RESOLVED, that the shares of restricted Common Stock issued to the Sellers will be issued at a price of US$0.02 (Two cents) per share.

FURTHER RESOLVED, that the Company issue Convertible Notes to the Sellers in the Principal amount of US$2,000,000 (Two million) bearing interest at 5% (Five percent) per annum.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of May 3, 2010.

SOLE DIRECTOR



_____

RONALD YADIN LOWENTHAL

GOLD

PROJECT ACQUISITION AGREEMENT

AMONG

GNCC CAPITAL, INC.,

SEARCHLIGHT EXPLORATION, LLC

AND

THE OTHER SELLERS IDENTIFIED IN EXHIBIT B

Dated as of May 3, 2010

GOLD
PROJECT ACQUISITION AGREEMENT

This GOLD PROJECT ACQUISITION AGREEMENT (this "Agreement"), dated as of May 3, 2010 is made by and between GNCC Capital, Inc., a Delaware corporation with an address of 2870 S. Jones Blvd., Las Vegas, NV 89146 ("Company"), Searchlight Exploration, LLC, an Arizona limited liability company with an address of 9212 Empire Rock Street, Las Vegas, NV 89143 ("Searchlight") (Searchlight is referred to herein as "Claimholder") and the other Sellers identified in Exhibit B hereto (Searchlight and such other Sellers being hereinafter referred to as the "Sellers").

1. Summary of Transaction.

In consideration of US$2,000,000 (Two million) principal amount of the Company's 5% (Five percent) Convertible Notes in the form of Exhibit C hereto and an amount of 21,000,000 (Twenty one million) restricted shares of the Company's Common Stock to be issued to Sellers and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Claimholder hereby sells to the Company the unpatented lode mining claims and other property known as the "Esther Basin" Gold Project and more particularly described in Exhibit A hereto (the "Property") upon the terms and conditions set forth in this Agreement.

2. Title to the Property.

A. Claimholder hereby represents and warrants to Company as follows:

(i) Claimholder owns or is able to convey a full and undivided interest in and to each of the unpatented mining claims included in the Property as of the date hereof;

(ii) To the best of the knowledge, information and belief of Claimholder, all such claims have been validly located and maintained in accordance with all applicable laws and regulations;

(iii) All such claims are free and clear of all liens, claims, and encumbrances whatsoever, subject only to the paramount interest of the United States of America and / or the State of Arizona; all taxes, if any, which may be or which may become a lien upon the Property, as of the date hereof, have been paid;

(iv) The Property is not in any manner encumbered as a result of any conduct or activity of Claimholder;

(vi) Having secured the approval of its members to the terms and conditions of this Agreement, Claimholder has full and complete authority to execute this Agreement and to grant the rights herein conferred on Company; and

(vii) Claimholder has no knowledge that any of the mining claims comprising the Property are invalid, or that, except for any patented ground lying within the Project Area, there are other senior mining claims in conflict with any of such claims.

3. Payments by the Company.

Following transfer of title to the Property under Section 7, Company shall pay to Claimholder (i) the Claimholder's net profits interest (NPI) under Section 8A and (ii) the Claimholder's net smelter return (NSR) royalty under Section 8B. Company's obligation to make payment under Section 8A and Section 8B shall cease to accrue on the first to occur of (i) completion by Company of mining operations, residual leaching and reclamation in the Project Area or (ii) other decision of Company to terminate operations in the Project Area and, if Claimholder so desires, to re-convey the property to Claimholder once reclamation and other environmental obligations have been satisfied, although this provision shall not relieve Company from its obligation to make payments that accrued prior to such occurrence.

C. All payments shall be paid in US dollars in immediately available funds.

D. Company hereby represents and warrants to Claimholder that it has adequate financial resources to make the payments required under this Section 3, as well as the Work Expenditures required under Section 4.

E. Company will promptly issue to each Seller the Convertible Promissory Notes, in the form of Exhibit C and the shares of restricted Common Stock to the Sellers as set forth in Exhibit B.

F. On or before December 31, 2011, whether by public offering, private placement or otherwise, Company will reimburse Claimholder for its cost of staking additional claims at the Property as agreed between Claimholder and Company.

4. Work Expenditures.

Until the earlier of (a) termination by Company of this Agreement under Section 6 or (b) transfer of title to the Company under Section 7, Company shall make the work expenditures on or for the benefit of the Property in the following amounts:

A. The sum of US$20,000 (Twenty thousand dollars) on or before June 30, 2012.

B. The sum of US$20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

Any excess of Work Expenditures in any year shall be carried forward to the succeeding year. If Work Expenditures in any year are deficient and Company desires to maintain this Agreement in effect, Company shall pay Claimholder in immediately available funds a sum equal to the deficiency in lieu of the Work Expenditure shortfall. For purposes of this Agreement, "Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

5. Rights and Obligations During Term.

The parties shall have the following rights and obligations prior to termination of this Agreement:

A. Access to Property and Provision of Data.

Company shall have full access to the Property to conduct such investigations and examinations as Company may deem desirable and to all information and data in Claimholder's possession and control pertaining to the Property necessary or desirable to enable Company to fully evaluate the Property and its commercial feasibility. Claimholder agrees to cooperate fully with Company in its investigation.

B. Activities by Company.

Company shall have exclusive possession of the Property, subject to the paramount rights of the United States and / or the State of Arizona with respect to unpatented mining claims included in the Property, and shall have the exclusive right to conduct such exploration, evaluation, and development activities on the Property (including bulk sampling) as Company may desire. Claimholder shall provide at Company's expense all reasonable assistance to Company for the obtaining of any permits, licenses, and third party consents needed for such work. Company shall also have the right to contact the pertinent federal, state, and local permitting agencies, and to negotiate with such agencies.

C. Maintenance of Property.

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment. Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

D. Sharing of Data.

During each year, Company will share with Claimholder all information (including interpretive and non-interpretive data, subject to typical disclaimers regarding interpretive data and statements that Claimholder may not rely upon the same) obtained from the exploration, evaluation, and development activities pertaining to the Property, including providing a copy of any geological and other principal reports relating to the Property, and will report to Claimholder in writing at least quarterly regarding the progress of the exploration and evaluation work and Work Expenditures made during the period.

E. Claimholder Access to Property.

Claimholder may have access to the Property at its sole risk on reasonable notice, and shall be entitled to conduct tours of the Property for investor relations and financing activities. Claimholder's exercise of its access rights shall not interfere in any way with Company's operations on the Property, which shall take precedence in the event of any conflict.

F. Conduct of Operations by Company at the Property.

All of the exploration, development, mining, milling and related work and any other activities which may be performed by Company or its agents or contractors hereunder shall be performed in accordance with all of the terms and conditions of this Agreement and good mining practices, but the timing, nature, manner and extent of any exploration, development or any other operations or activities hereunder shall be in the sole discretion of Company, and there shall be no implied covenant to begin or continue any such operations or activities.

G. Indemnity.

Except for damages sustained by Claimholder while on the Property pursuant to Section 5F, Company agrees to indemnify and hold Claimholder and its affiliates, and their respective, officers, directors, employees, agents, members, partners and agents harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) that may be incurred for injury to or death of persons or damage to property, or otherwise, as a result of Company or its agents or contractors conducting any operations on or in connection with the Property.

H. Insurance.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices. Company agrees that Claimholder shall be named as an additional insured on all such policies, and agrees to forward to Claimholder certificates of such insurance policies not later than 10 days prior to the date that Company commences any such activities on the Property. Company shall have no right to commence any such activities until such certificates are delivered to Claimholder.

I. Compliance with Laws.

Company agrees to conduct and perform all of its operations at the Property during the term of this Agreement in compliance with all valid and applicable federal, state and local laws, rules and regulations, including without limitation laws, rules and regulations pertaining to environmental protection, human health and safety, social security, unemployment compensation, wages and hours and conditions of labor, and Company shall indemnify and hold Claimholder harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) arising from or related to Company's failure to comply with said laws.

J. Taxes.

During the term of this Agreement, Company shall be responsible for payment of all taxes levied or assessed upon or against the Property, as well as any facilities or improvements located thereon.

K. Liens and Encumbrances.

Company shall keep title to the Property free and clear of all liens and encumbrances resulting from its operations hereunder; provided, however, that Company may refuse to pay any claim asserted against it which it disputes in good faith. At its sole cost and expense, Company shall contest any suit, demand or action commenced to enforce such a claim and, if the suit, demand or action is decided by a court or other authority of ultimate and final jurisdiction against Company or the Property, Company shall promptly pay the judgment and shall post any bond and take all other action necessary to prevent any sale or loss of the Property or any part thereof. Company shall permit Claimholder to post Notices of Non-Responsibility at the collars of any shafts and in other locations required under Arizona law in order to prevent certain liens from attaching to the Property, and Company shall take all actions reasonably necessary to keep such notices posted in these locations.

L. Reclamation and Remediation.

Company shall reclaim the Property, to the extent disturbed by Company during the term of this Agreement, in accordance with and as required by applicable federal, state and local laws, rules and regulations.

6. Right to Terminate.

A. Termination.

(1) By the Company. Company may terminate this Agreement at any time at its sole option by giving Claimholder 120 (One hundred and twenty) days' prior written notice, upon which all rights and obligations of the parties under this Agreement shall cease, except for any limitation of liability, indemnification, and confidentiality provisions set forth herein; provided, however, that (i) if Company terminates this Agreement after April 1 of any year, Company agrees to pay governmental fees and make all governmental filings necessary to maintain the unpatented mining claims for the assessment year commencing on September 1 next following such notice of termination and (ii) if Company terminates this Agreement on or before April 30 of any year, Company shall remain obligated to comply with Section 4 for the contract year ended December 31 of such year.

(2) By Claimholder.

In the event that (i) Company shall fail to pay any of its monetary obligations under this Agreement when due and shall not pay same within 60 (Sixty) days following notice thereof by Claimholder or (ii) Company shall fail to perform any of its nonmonetary obligations under this Agreement and shall not cure its failure within 60 (Sixty) days following notice thereof by Claimholder (in each case an "uncured default"), Claimholder may terminate this Agreement upon 30 (Thirty) days written notice to Company. Termination pursuant to this Section 6.A.(2) shall not excuse Company from any of its obligations which accrued prior to the date of termination, and Claimholder shall retain all of its rights in law or in equity with respect thereto.

B. Return of Data.

As soon as practicable upon the termination of this Agreement, Company shall return to Claimholder copies of all title, environmental, metallurgical, geological, geophysical, milling and other data concerning the Property and furnished by Claimholder or previous owners of the Property or their agents or consultants to Company. At such time, Company shall also make available to Claimholder for examination and copying all survey maps, drill hole logs, sample locations and assays developed by Company with respect to the Property during the term of this Agreement and not previously made available to Claimholder and shall transfer custody to Claimholder of all drill cores.

C. Release.

Upon termination of this Agreement, Company will promptly execute and deliver to Claimholder appropriate documents of conveyance releasing and conveying its interest in the Property to Claimholder.

D. Surrender of Possession and Removal of Equipment.

Upon termination of this Agreement, Company shall surrender possession of the Property, subject to the condition that Company shall have the right at any time within one year (or such longer period as Company can demonstrate is reasonably necessary) after such surrender or termination of this Agreement to (i) complete any reclamation obligations required of Company under this Agreement or by governmental law or regulation and (ii) remove all of its tools, equipment, machinery, supplies, fixtures, buildings, structures and other property erected or placed on such property by Company, excepting only timber, chutes and ladders in place for underground entry and support. Title to such property not removed within the time period set forth above shall, at the election of Claimholder, pass to Claimholder. Alternatively, at the end of the time period set forth above, Claimholder may remove any such property from the Property and dispose of same in a commercially reasonable manner, all at the expense of Company.

7. Transfer of Title.

Title to the Property shall be transferred to the Company only upon completion of each and every one of the following conditions: (a) the completion of a "positive" feasibility study for the Property, (b) the making of an affirmative production decision for the Property by Company's and any parent corporation's Boards of Directors and (c) presentation to Claimholder of evidence satisfactory to Claimholder that Company has obtained the financing necessary to develop and operate the Property. Unless there is an uncured default by the Company that is continuing, Claimholder shall deliver to Company, within 5 (five) business days of the notice of satisfaction of the conditions set forth in the previous sentence, a special warranty deed in form satisfactory to Company transferring title to a 100% (One hundred percent) interest in the Property, and reserving to Claimholder the net profits interest ("NPI") in production from the Property and the net smelter returns royalty ("NSR"), each as set forth in Section 8 below. Company shall promptly record said deed with the Mohave County Recorder and with the Arizona State Office of the Bureau of Land Management.

8. Claimholder NPI and NSR Royalty.

A. Claimholder NPI.

Middle Verde reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

B. Net Smelter Returns Royalty.

In addition to Claimholder's NPI, Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

C. Payable in Kind; Payable Quarterly.

Claimholder may elect to receive in kind its NPI or its NSR Royalty (as described below). Both royalties shall be payable quarterly.

9. Cross - Indemnity.

Each party ("Indemnifying Party") agrees to defend, indemnify and hold harmless the other party, its successors, affiliates, assigns, officers, directors and employees, members, partners and agents ("Indemnitees") from and against any and all claims, actions suits, losses, liabilities, damages, assessments, judgments, costs and expenses, including reasonable attorney's fees, arising out of or pertaining to (i) any breach by the indemnifying party of any representation, warranty or obligation under this Agreement or (ii) any activities conducted by the Indemnifying Party or its agents on the Property.

10. Assignment.

Neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Claimholder may assign its interest at any time after December 31, 2010 to a third party without the consent of Company if such third party agrees to assume all of Claimholder's obligations under this Agreement, and provided further that Company may assign its interest to an affiliated company or a successor without the consent of Claimholder, provided that the assignee agrees to assume all of Company's obligations under this Agreement and has a tangible net worth no less than that of Company prior to the assignment.

11. Governing Law. Consent to Jurisdiction.

This Agreement shall be governed by the laws of the State of Arizona, excluding any conflicts of laws principles. Each party consents to the exclusive jurisdiction and venue of the federal and state courts sitting in Mohave County, Arizona, U.S.A. over any dispute, claim, lawsuit or proceeding arising from or pertaining to this Agreement, and waives any argument that such courts are an "inconvenient forum".

12. Affiliated Companies.

Each party shall take such actions as may be necessary to cause its affiliates to comply with the obligations contemplated herein. "Affiliate" of a party means any person, partnership, joint venture, corporation, or other form of enterprise that directly or indirectly controls, is controlled by, or is under common control with, the party.

13. Notices.

All notices required or permitted to be given hereunder shall be in writing and shall be delivered to the parties by personal delivery, registered or certified mail, facsimile transmission, or express delivery service at the addresses set forth below, or to such other address as the parties may later designate by like notice to each other:

Company:

GNCC Capital, Inc.
2870 S. Jones Blvd.
Las Vegas, NV 89146, U.S.A.

Searchlight:

Searchlight Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

The Other Sellers:

As set forth on Exhibit B

All notices required or permitted to be given hereunder shall be deemed to have been given on the date of actual receipt.

14. Dollars.

All dollar ($) amounts used in this Agreement or any Exhibit or Schedule hereto are U.S. $ Dollars.

15. Other Business Opportunities.

This Agreement is, and the rights of the parties are strictly limited to the matters set forth herein. The parties shall have the free and unrestricted right to independently engage in and receive the full benefits of any and all business ventures of any sort whatever, whether or not competitive with the matters contemplated hereby, without consulting the other or inviting or allowing the other to participate therein.

16. Confidentiality.

Except as set forth in Section 18, the parties hereto agree to treat all data, reports, records and other information developed under this Agreement and applicable to the Property as confidential, and unless any party is required by any law, rule, regulation or order to disclose any of such information, it shall not be disclosed to any person other than consultants, contractors or potential investors or assignees, without the written agreement of both parties, which will not unreasonably be withheld.

17. Memorandum for Recording.

Promptly following execution and delivery of this Agreement, the parties shall execute for recording purposes a Memorandum of Conditional Sale Contract, setting forth the basic terms and conditions of this Agreement as necessitated or permitted by Arizona law. Company shall promptly record this Memorandum with the Mohave County Recorder.

18. Public Announcements.

Disclosure of information relating to this Agreement or the Property may be made by either party if such information is required to be disclosed to any federal, state, provincial or local government or appropriate agencies and departments thereof or if such information is required by law, stock exchange rule or regulation to be publicly announced. Otherwise, public announcements or reports by either party of information relating to this Agreement or the Property shall be made only on the basis of agreed texts upon the prior written consent of the other party, which consent shall not unreasonably be withheld. Each of Claimholder and Company accordingly agrees that it will, not less than forty-eight hours in advance of making public any information referred to in the preceding sentence, give the other party written notice of the text of the proposed report and provide the non-disclosing party with the opportunity to object to the form and content thereof before the same is issued. The non-disclosing party shall respond within 48 (forty eight) hours of receipt of such notice, or its silence will constitute a waiver of objection to the terms of the proposed text.

19. Waiver; Amendment.

Any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but such waiver must be in writing and signed by the party granting the waiver. No such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction of any other term or condition thereof. Any of the terms or provisions of this Agreement may be amended or modified at any time, but only in a writing signed by each of the parties hereto.

20. Severability.

In the event that any one or more of the provisions contained in this Agreement or in any other instrument or agreement contemplated hereby shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any such other instrument or agreement.

21. Attorney's Fees.

In the event of any controversy, claim or dispute between the parties hereto, arising out of or pertaining to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

22. Further Assurances.

At the request of either party, the parties shall execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either party to effect the purposes of this Agreement and the transactions contemplated hereby.

23. Counterparts.

This Agreement may be executed in multiple counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

24. No Brokers or Finders.

Each party represents and warrants to the other party that all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by it in such manner as not to give rise to any valid claim against either party, or any third party, for a brokerage commission, finder’s fee or other fee or commission arising by reason of the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

Exhibit B

SELLERS

Name	Principal Amount of Convertible Notes	Number of Shares Issued
Searchlight Exploration, LLC	US$ 199,980	2,100,000
Stelan Real Estate Management, Inc.	US$ 199,980	2,100,000
Castlewood Capital Group, S.A.	US$ 96,002	1,008,000
Highwave Management Corp.	US$ 128,002	1,344,000
Streetside Holdings AG	US$ 144,004	1,512,000
Artco Capital Ltd.	US$ 112,003	1,176,000
Insight Holdings, S.A.	US$ 144,004	1,512,000
Emerald International Corporation	US$ 128,002	1,344,000
Saffron Ventures GmbH	US$ 144,004	1,512,000
Liberty Investment Services Ltd.	US$ 144,004	1,512,000
Macy Ocean Enterprises, Inc.	US$ 128,003	1,344,000
Neutral Bay Investments, S.A.	US$ 144,004	1,512,000
Diamond Peak Resource Corporation	US$ 144,004	1,512,000
Western Treasure Holdings Corp.	US$ 144,004	1,512,000
TOTAL	**US$2,000,000**	**21,000,000**

Exhibit C (1 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$199,980 (One hundred and ninety nine thousand nine hundred and eighty dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (2 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$199,980 (One hundred and ninety nine thousand nine hundred and eighty dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then

Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (3 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$96,002 (Ninety six thousand and two dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (4 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ∂ 晲豆怀ASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$128,002 (One hundred and twenty eight thousand and two dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (5 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$144,004 (One hundred and forty four thousand and four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty day) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Two million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (6 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL LTD or its registered assigns, the principal sum of US$112,003 (One hundred and twelve thousand and three dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice

f the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (7 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$144,004 (One hundred and forty four thousand and four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (8 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$128,002 (One hundred and twenty eight thousand and two dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (9 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$144,004 (one hundred and forty four thousand and four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (10 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD or its registered assigns, the principal sum of US$144,004 (One hundred and forty four thousand and four dollars) on May 3, 2011 this Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (11 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$128,003 (One hundred and twenty eight thousand and three dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (12 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$144,004 (One hundred and forty four thousand and four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (13 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$144,004 (One hundred and forty four thousand and four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (14 of 14)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: MAY 3, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP or its registered assigns, the principal sum of US$144,004 (One hundred and forty four thousand and four dollars) on May 3, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 3, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the Company enter into a Gold Project Acquisition Agreement in respect of the "Clara" Project with Searchlight Exploration, LLC, Anaconda Exploration, LLC and other Sellers; effective immediately; and

FURTHER RESOLVED, that the "Clara" Gold Project Acquisition Agreement is HEREBY APPROVED; and

FURTHER RESOLVED, that the Company's Transfer Agent is hereby directed to issue to the Sellers an amount of 30,000,000 (Thirty million) shares of restricted Common Stock, US$0.00001 par value, of the Company.

FURTHER RESOLVED, that the shares of restricted Common Stock issued to the Sellers will be issued at a price of US$0.02 (Two cents) per share.

FURTHER RESOLVED, that the Company issue Convertible Notes to the Sellers in the Principal amount of US$4,000,000 (Four million) bearing interest at 5% (Five percent) per annum.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of September 2, 2010.

SOLE DIRECTOR



_____

RONALD YADIN LOWENTHAL

GOLD

PROJECT ACQUISITION AGREEMENT

AMONG

GNCC CAPITAL, INC.,

SEARCHLIGHT EXPLORATION, LLC

ANACONDA EXPLORATION, LLC

AND

THE OTHER SELLERS IDENTIFIED IN EXHIBIT B

Dated as of September 2, 2010

GOLD
PROJECT ACQUISITION AGREEMENT

This GOLD PROJECT ACQUISITION AGREEMENT (this "Agreement"), dated as of September 2, 2010 is made by and between GNCC Capital, Inc., a Delaware corporation with an address of 2870 S. Jones Blvd., Las Vegas, NV 89146 ("Company"), Searchlight Exploration, LLC, an Arizona limited liability company with an address of 9212 Empire Rock Street, Las Vegas, NV 89143 ("Searchlight") and Anaconda Exploration, LLC ("Anaconda") (Searchlight and Anaconda are referred to herein as "Claimholder") and the other Sellers identified in Exhibit B hereto (Searchlight and such other Sellers being hereinafter referred to as the "Sellers").

1. Summary of Transaction.

In consideration of US$4,000,000 (Four million) principal amount of the Company's 5% (Five percent) Convertible Notes in the form of Exhibit C hereto and an amount of 30,000,000 (Thirty million) restricted shares of the Company's Common Stock to be issued to Sellers and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Claimholder hereby sells to the Company the unpatented lode mining claims and other property known as the "Clara" Gold Project and more particularly described in Exhibit A hereto (the "Property") upon the terms and conditions set forth in this Agreement.

2. Title to the Property.

A. Claimholder hereby represents and warrants to Company as follows:

(i) Claimholder owns or is able to convey a full and undivided interest in and to each of the unpatented mining claims included in the Property as of the date hereof;

(ii) To the best of the knowledge, information and belief of Claimholder, all such claims have been validly located and maintained in accordance with all applicable laws and regulations;

(iii) All such claims are free and clear of all liens, claims, and encumbrances whatsoever, subject only to the paramount interest of the United States of America and / or the State of Arizona; all taxes, if any, which may be or which may become a lien upon the Property, as of the date hereof, have been paid;

(iv) The Property is not in any manner encumbered as a result of any conduct or activity of Claimholder;

(vi) Having secured the approval of its members to the terms and conditions of this Agreement, Claimholder has full and complete authority to execute this Agreement and to grant the rights herein conferred on Company; and

(vii) Claimholder has no knowledge that any of the mining claims comprising the Property are invalid, or that, except for any patented ground lying within the Project Area, there are other senior mining claims in conflict with any of such claims.

3. Payments by the Company.

Following transfer of title to the Property under Section 7, Company shall pay to Claimholder (i) the Claimholder's net profits interest (NPI) under Section 8A and (ii) the Claimholder's net smelter return (NSR) royalty under Section 8B. Company's obligation to make payment under Section 8A and Section 8B shall cease to accrue on the first to occur of (i) completion by Company of mining operations, residual leaching and reclamation in the Project Area or (ii) other decision of Company to terminate operations in the Project Area and, if Claimholder so desires, to re-convey the property to Claimholder once reclamation and other environmental obligations have been satisfied, although this provision shall not relieve Company from its obligation to make payments that accrued prior to such occurrence.

C. All payments shall be paid in US dollars in immediately available funds.

D. Company hereby represents and warrants to Claimholder that it has adequate financial resources to make the payments required under this Section 3, as well as the Work Expenditures required under Section 4.

E. Company will promptly issue to each Seller the Convertible Promissory Notes, in the form of Exhibit C and the shares of restricted Common Stock to the Sellers as set forth in Exhibit B.

F. On or before December 31, 2011, whether by public offering, private placement or otherwise, Company will reimburse Claimholder for its cost of staking additional claims at the Property as agreed between Claimholder and Company.

4. Work Expenditures.

Until the earlier of (a) termination by Company of this Agreement under Section 6 or (b) transfer of title to the Company under Section 7, Company shall make the work expenditures on or for the benefit of the Property in the following amounts:

A. The sum of US$20,000 (Twenty thousand dollars) on or before June 30, 2012.

B. The sum of US$20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

Any excess of Work Expenditures in any year shall be carried forward to the succeeding year. If Work Expenditures in any year are deficient and Company desires to maintain this Agreement in effect, Company shall pay Claimholder in immediately available funds a sum equal to the deficiency in lieu of the Work Expenditure shortfall. For purposes of this Agreement, "Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

5. Rights and Obligations During Term.

The parties shall have the following rights and obligations prior to termination of this Agreement:

A. Access to Property and Provision of Data.

Company shall have full access to the Property to conduct such investigations and examinations as Company may deem desirable and to all information and data in Claimholder's possession and control pertaining to the Property necessary or desirable to enable Company to fully evaluate the Property and its commercial feasibility. Claimholder agrees to cooperate fully with Company in its investigation.

B. Activities by Company.

Company shall have exclusive possession of the Property, subject to the paramount rights of the United States and / or the State of Arizona with respect to unpatented mining claims included in the Property, and shall have the exclusive right to conduct such exploration, evaluation, and development activities on the Property (including bulk sampling) as Company may desire. Claimholder shall provide at Company's expense all reasonable assistance to Company for the obtaining of any permits, licenses, and third party consents needed for such work. Company shall also have the right to contact the pertinent federal, state, and local permitting agencies, and to negotiate with such agencies.

C. Maintenance of Property.

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment. Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

D. Sharing of Data.

During each year, Company will share with Claimholder all information (including interpretive and non-interpretive data, subject to typical disclaimers regarding interpretive data and statements that Claimholder may not rely upon the same) obtained from the exploration, evaluation, and development activities pertaining to the Property, including providing a copy of any geological and other principal reports relating to the Property, and will report to Claimholder in writing at least quarterly regarding the progress of the exploration and evaluation work and Work Expenditures made during the period.

E. Claimholder Access to Property.

Claimholder may have access to the Property at its sole risk on reasonable notice, and shall be entitled to conduct tours of the Property for investor relations and financing activities. Claimholder's exercise of its access rights shall not interfere in any way with Company's operations on the Property, which shall take precedence in the event of any conflict.

F. Conduct of Operations by Company at the Property.

All of the exploration, development, mining, milling and related work and any other activities which may be performed by Company or its agents or contractors hereunder shall be performed in accordance with all of the terms and conditions of this Agreement and good mining practices, but the timing, nature, manner and extent of any exploration, development or any other operations or activities hereunder shall be in the sole discretion of Company, and there shall be no implied covenant to begin or continue any such operations or activities.

G. Indemnity.

Except for damages sustained by Claimholder while on the Property pursuant to Section 5F, Company agrees to indemnify and hold Claimholder and its affiliates, and their respective, officers, directors, employees, agents, members, partners and agents harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) that may be incurred for injury to or death of persons or damage to property, or otherwise, as a result of Company or its agents or contractors conducting any operations on or in connection with the Property.

H. Insurance.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices. Company agrees that Claimholder shall be named as an additional insured on all such policies, and agrees to forward to Claimholder certificates of such insurance policies not later than 10 days prior to the date that Company commences any such activities on the Property. Company shall have no right to commence any such activities until such certificates are delivered to Claimholder.

I. Compliance with Laws.

Company agrees to conduct and perform all of its operations at the Property during the term of this Agreement in compliance with all valid and applicable federal, state and local laws, rules and regulations, including without limitation laws, rules and regulations pertaining to environmental protection, human health and safety, social security, unemployment compensation, wages and hours and conditions of labor, and Company shall indemnify and hold Claimholder harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) arising from or related to Company's failure to comply with said laws.

J. Taxes.

During the term of this Agreement, Company shall be responsible for payment of all taxes levied or assessed upon or against the Property, as well as any facilities or improvements located thereon.

K. Liens and Encumbrances.

Company shall keep title to the Property free and clear of all liens and encumbrances resulting from its operations hereunder; provided, however, that Company may refuse to pay any claim asserted against it which it disputes in good faith. At its sole cost and expense, Company shall contest any suit, demand or action commenced to enforce such a claim and, if the suit, demand or action is decided by a court or other authority of ultimate and final jurisdiction against Company or the Property, Company shall promptly pay the judgment and shall post any bond and take all other action necessary to prevent any sale or loss of the Property or any part thereof. Company shall permit Claimholder to post Notices of Non-Responsibility at the collars of any shafts and in other locations required under Arizona law in order to prevent certain liens from attaching to the Property, and Company shall take all actions reasonably necessary to keep such notices posted in these locations.

L. Reclamation and Remediation.

Company shall reclaim the Property, to the extent disturbed by Company during the term of this Agreement, in accordance with and as required by applicable federal, state and local laws, rules and regulations.

6. Right to Terminate.

A. Termination.

(1) By the Company. Company may terminate this Agreement at any time at its sole option by giving Claimholder 120 (One hundred and twenty) days' prior written notice, upon which all rights and obligations of the parties under this Agreement shall cease, except for any limitation of liability, indemnification, and confidentiality provisions set forth herein; provided, however, that (i) if Company terminates this Agreement after April 1 of any year, Company agrees to pay governmental fees and make all governmental filings necessary to maintain the unpatented mining claims for the assessment year commencing on September 1 next following such notice of termination and (ii) if Company terminates this Agreement on or before April 30 of any year, Company shall remain obligated to comply with Section 4 for the contract year ended December 31 of such year.

(2) By Claimholder.

In the event that (i) Company shall fail to pay any of its monetary obligations under this Agreement when due and shall not pay same within 60 (Sixty) days following notice thereof by Claimholder or (ii) Company shall fail to perform any of its nonmonetary obligations under this Agreement and shall not cure its failure within 60 (Sixty) days following notice thereof by Claimholder (in each case an "uncured default"), Claimholder may terminate this Agreement upon 30 (Thirty) days written notice to Company. Termination pursuant to this Section 6.A.(2) shall not excuse Company from any of its obligations which accrued prior to the date of termination, and Claimholder shall retain all of its rights in law or in equity with respect thereto.

B. Return of Data.

As soon as practicable upon the termination of this Agreement, Company shall return to Claimholder copies of all title, environmental, metallurgical, geological, geophysical, milling and other data concerning the Property and furnished by Claimholder or previous owners of the Property or their agents or consultants to Company. At such time, Company shall also make available to Claimholder for examination and copying all survey maps, drill hole logs, sample locations and assays developed by Company with respect to the Property during the term of this Agreement and not previously made available to Claimholder and shall transfer custody to Claimholder of all drill cores.

C. Release.

Upon termination of this Agreement, Company will promptly execute and deliver to Claimholder appropriate documents of conveyance releasing and conveying its interest in the Property to Claimholder.

D. Surrender of Possession and Removal of Equipment.

Upon termination of this Agreement, Company shall surrender possession of the Property, subject to the condition that Company shall have the right at any time within one year (or such longer period as Company can demonstrate is reasonably necessary) after such surrender or termination of this Agreement to (i) complete any reclamation obligations required of Company under this Agreement or by governmental law or regulation and (ii) remove all of its tools, equipment, machinery, supplies, fixtures, buildings, structures and other property erected or placed on such property by Company, excepting only timber, chutes and ladders in place for underground entry and support. Title to such property not removed within the time period set forth above shall, at the election of Claimholder, pass to Claimholder. Alternatively, at the end of the time period set forth above, Claimholder may remove any such property from the Property and dispose of same in a commercially reasonable manner, all at the expense of Company.

7. Transfer of Title.

Title to the Property shall be transferred to the Company only upon completion of each and every one of the following conditions: (a) the completion of a "positive" feasibility study for the Property, (b) the making of an affirmative production decision for the Property by Company's and any parent corporation's Boards of Directors and (c) presentation to Claimholder of evidence satisfactory to Claimholder that Company has obtained the financing necessary to develop and operate the Property. Unless there is an uncured default by the Company that is continuing, Claimholder shall deliver to Company, within 5 (five) business days of the notice of satisfaction of the conditions set forth in the previous sentence, a special warranty deed in form satisfactory to Company transferring title to a 100% (One hundred percent) interest in the Property, and reserving to Claimholder the net profits interest ("NPI") in production from the Property and the net smelter returns royalty ("NSR"), each as set forth in Section 8 below. Company shall promptly record said deed with the La Paz County Recorder and with the Arizona State Office of the Bureau of Land Management.

8. Claimholder NPI and NSR Royalty.

A. Claimholder NPI.

Searchlight reserves a 5% (Five percent) net profits interest (“NPI”) in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder’s NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

B. Net Smelter Returns Royalty.

In addition to Claimholder's NPI, Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis

C. Payable in Kind; Payable Quarterly.

Claimholder may elect to receive in kind its NPI or its NSR Royalty (as described below). Both royalties shall be payable quarterly.

9. Cross - Indemnity.

Each party ("Indemnifying Party") agrees to defend, indemnify and hold harmless the other party, its successors, affiliates, assigns, officers, directors and employees, members, partners and agents ("Indemnitees") from and against any and all claims, actions suits, losses, liabilities, damages, assessments, judgments, costs and expenses, including reasonable attorney's fees, arising out of or pertaining to (i) any breach by the indemnifying party of any representation, warranty or obligation under this Agreement or (ii) any activities conducted by the Indemnifying Party or its agents on the Property.

10. Assignment.

Neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Claimholder may assign its interest at any time after December 31, 2010 to a third party without the consent of Company if such third party agrees to assume all of Claimholder's obligations under this Agreement, and provided further that Company may assign its interest to an affiliated company or a successor without the consent of Claimholder, provided that the assignee agrees to assume all of Company's obligations under this Agreement and has a tangible net worth no less than that of Company prior to the assignment.

11. Governing Law. Consent to Jurisdiction.

This Agreement shall be governed by the laws of the State of Arizona, excluding any conflicts of laws principles. Each party consents to the exclusive jurisdiction and venue of the federal and state courts sitting in Mohave County, Arizona, U.S.A. over any dispute, claim, lawsuit or proceeding arising from or pertaining to this Agreement, and waives any argument that such courts are an "inconvenient forum".

12. Affiliated Companies.

Each party shall take such actions as may be necessary to cause its affiliates to comply with the obligations contemplated herein. "Affiliate" of a party means any person, partnership, joint venture, corporation, or other form of enterprise that directly or indirectly controls, is controlled by, or is under common control with, the party.

13. Notices.

All notices required or permitted to be given hereunder shall be in writing and shall be delivered to the parties by personal delivery, registered or certified mail, facsimile transmission, or express delivery service at the addresses set forth below, or to such other address as the parties may later designate by like notice to each other:

Company:

GNCC Capital, Inc.
2870 S. Jones Blvd.
Las Vegas, NV 89146, U.S.A.

Searchlight:

Searchlight Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

Searchlight:

Anaconda Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

The Other Sellers:

As set forth on Exhibit B

All notices required or permitted to be given hereunder shall be deemed to have been given on the date of actual receipt.

14. Dollars.

All dollar ($) amounts used in this Agreement or any Exhibit or Schedule hereto are U.S. $ Dollars.

15. Other Business Opportunities.

This Agreement is, and the rights of the parties are strictly limited to the matters set forth herein. The parties shall have the free and unrestricted right to independently engage in and receive the full benefits of any and all business ventures of any sort whatever, whether or not competitive with the matters contemplated hereby, without consulting the other or inviting or allowing the other to participate therein.

16. Confidentiality.

Except as set forth in Section 18, the parties hereto agree to treat all data, reports, records and other information developed under this Agreement and applicable to the Property as confidential, and unless any party is required by any law, rule, regulation or order to disclose any of such information, it shall not be disclosed to any person other than consultants, contractors or potential investors or assignees, without the written agreement of both parties, which will not unreasonably be withheld.

17. Memorandum for Recording.

Promptly following execution and delivery of this Agreement, the parties shall execute for recording purposes a Memorandum of Conditional Sale Contract, setting forth the basic terms and conditions of this Agreement as necessitated or permitted by Arizona law. Company shall promptly record this Memorandum with the La Paz County Recorder.

18. Public Announcements.

Disclosure of information relating to this Agreement or the Property may be made by either party if such information is required to be disclosed to any federal, state, provincial or local government or appropriate agencies and departments thereof or if such information is required by law, stock exchange rule or regulation to be publicly announced. Otherwise, public announcements or reports by either party of information relating to this Agreement or the Property shall be made only on the basis of agreed texts upon the prior written consent of the other party, which consent shall not unreasonably be withheld. Each of Claimholder and Company accordingly agrees that it will, not less than forty-eight hours in advance of making public any information referred to in the preceding sentence, give the other party written notice of the text of the proposed report and provide the non-disclosing party with the opportunity to object to the form and content thereof before the same is issued. The non-disclosing party shall respond within 48 (forty eight) hours of receipt of such notice, or its silence will constitute a waiver of objection to the terms of the proposed text.

19. Waiver; Amendment.

Any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but such waiver must be in writing and signed by the party granting the waiver. No such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction of any other term or condition thereof. Any of the terms or provisions of this Agreement may be amended or modified at any time, but only in a writing signed by each of the parties hereto.

20. Severability.

In the event that any one or more of the provisions contained in this Agreement or in any other instrument or agreement contemplated hereby shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any such other instrument or agreement.

21. Attorney's Fees.

In the event of any controversy, claim or dispute between the parties hereto, arising out of or pertaining to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

22. Further Assurances.

At the request of either party, the parties shall execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either party to effect the purposes of this Agreement and the transactions contemplated hereby.

23. Counterparts.

This Agreement may be executed in multiple counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

24. No Brokers or Finders.

Each party represents and warrants to the other party that all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by it in such manner as not to give rise to any valid claim against either party, or any third party, for a brokerage commission, finder’s fee or other fee or commission arising by reason of the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

Exhibit B

SELLERS

Name	Principal Amount of Convertible Notes	Number of Shares Issued
Searchlight Exploration, LLC	US$ 233,200	1,750,000
Anaconda Exploration, LLC	US$ 233,200	1,750,000
Stelan Real Estate Management, Inc.	US$ 233,200	1,750,000
Castlewood Capital Group, S.A.	US$ 198,024	1,485,000
Highwave Management Corp.	US$ 264,032	1,980,000
Streetside Holdings AG	US$ 297,036	2,227,500
Artco Capital Ltd.	US$ 231,028	1,732,500
Insight Holdings, S.A.	US$ 297,036	2,227,500
Emerald International Corporation	US$ 264,032	1,980,000
Saffron Ventures GmbH	US$ 297,036	2,227,500
Liberty Investment Services Ltd.	US$ 297,036	2,227,500
Macy Ocean Enterprises, Inc.	US$ 264,032	1,980,000
Neutral Bay Investments, S.A.	US$ 297,036	2,227,500
Diamond Peak Resource Corporation	US$ 297,036	2,227,500
Western Treasure Holdings Corp.	US$ 297,036	2,227,500
TOTAL	**US$4,000,000**	**30,000,000**

Exhibit C (1 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$233,200 (Two hundred and thirty three thousand two hundred dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (2 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ANACONDA EXPLORATION, LLC or its registered assigns, the principal sum of US$233,200 (Two hundred and thirty three thousand two hundred dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (3 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$233,200 (Two hundred and thirty three thousand two hundred dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (4 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$198,024 (One hundred and ninety eight thousand and twenty four dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (5 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$264,032 (two hundred and sixty four thousand and thirty two dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (6 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (7 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL LTD or its registered assigns, the principal sum of US$231,028 (Two hundred and thirty one thousand and twenty eight dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (8 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an 湜^湜^棒X勃J鰶奮H 簍玄k芒v纖q抉R貜I佥=奮H湜^
佥=擦擦奮H

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (9 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$264,032 (Two hundred and sixty four thousand and thirty two dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (10 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (11 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (12 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE p 8448455ATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$264,032 (Two hundred and sixty four thousand and thirty two dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (13 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (14 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (15 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP or its registered assigns, the principal sum of US$297,036 (Two hundred and ninety seven thousand and thirty six dollars) on September 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter,

"Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

“Interest Payment Date” means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

“Interest Rate” means 5% (Five percent) per annum.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

“Notes” mean the Company’s convertible Notes due May 3, 2011.

“Officer” means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

“Officers’ Certificate” means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

“person” or “Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

“Principal” of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

“Redeemable Capital Stock” means any class of the Company’s Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company’s option).

“Redemption Date” or “redemption date” means the date specified for redemption of the Notes in accordance with the terms of this Note.

“Redemption Price” or “redemption price” shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its "possessions" including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the Company enter into a Gold Project Acquisition Agreement in respect of the "Burnt Well" Project with Searchlight Exploration, LLC, Anaconda Exploration, LLC and other Sellers; effective immediately; and

FURTHER RESOLVED, that the "Burnt Well" Gold Project Acquisition Agreement is HEREBY APPROVED; and

FURTHER RESOLVED, that the Company's Transfer Agent is hereby directed to issue to the Sellers an amount of 14,000,000 (Fourteen million) shares of restricted Common Stock, US$0.00001 par value, of the Company.

FURTHER RESOLVED, that the shares of restricted Common Stock issued to the Sellers will be issued at a price of US$0.02 (Two cents) per share.

FURTHER RESOLVED, that the Company issue Convertible Notes to the Sellers in the Principal amount of US$1,800,000 (One million eight hundred thousand) bearing interest at 5% (Five percent) per annum.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of September 29, 2010.

SOLE DIRECTOR



_____

RONALD YADIN LOWENTHAL

GOLD

PROJECT ACQUISITION AGREEMENT

AMONG

GNCC CAPITAL, INC.,

SEARCHLIGHT EXPLORATION, LLC

ANACONDA EXPLORATION, LLC

AND

THE OTHER SELLERS IDENTIFIED IN EXHIBIT B

Dated as of September 29, 2010

GOLD
PROJECT ACQUISITION AGREEMENT

This GOLD PROJECT ACQUISITION AGREEMENT (this "Agreement"), dated as of September 29, 2010 is made by and between GNCC Capital, Inc., a Delaware corporation with an address of 2870 S. Jones Blvd., Las Vegas, NV 89146 ("Company"), Searchlight Exploration, LLC, an Arizona limited liability company with an address of 9212 Empire Rock Street, Las Vegas, NV 89143 ("Searchlight") and Anaconda Exploration, LLC ("Anaconda") (Searchlight and Anaconda are referred to herein as "Claimholder") and the other Sellers identified in Exhibit B hereto (Searchlight and such other Sellers being hereinafter referred to as the "Sellers").

1. Summary of Transaction.

In consideration of US$1,800,000 (One million eight hundred thousand) principal amount of the Company's 5% (Five percent) Convertible Notes in the form of Exhibit C hereto and an amount of 14,000,000 (Fourteen million) restricted shares of the Company's Common Stock to be issued to Sellers and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Claimholder hereby sells to the Company the unpatented lode mining claims and other property known as the "Burnt Well" Gold Project and more particularly described in Exhibit A hereto (the "Property") upon the terms and conditions set forth in this Agreement.

2. Title to the Property.

A. Claimholder hereby represents and warrants to Company as follows:

(i) Claimholder owns or is able to convey a full and undivided interest in and to each of the unpatented mining claims included in the Property as of the date hereof;

(ii) To the best of the knowledge, information and belief of Claimholder, all such claims have been validly located and maintained in accordance with all applicable laws and regulations;

(iii) All such claims are free and clear of all liens, claims, and encumbrances whatsoever, subject only to the paramount interest of the United States of America and / or the State of Arizona; all taxes, if any, which may be or which may become a lien upon the Property, as of the date hereof, have been paid;

(iv) The Property is not in any manner encumbered as a result of any conduct or activity of Claimholder;

(vi) Having secured the approval of its members to the terms and conditions of this Agreement, Claimholder has full and complete authority to execute this Agreement and to grant the rights herein conferred on Company; and

(vii) Claimholder has no knowledge that any of the mining claims comprising the Property are invalid, or that, except for any patented ground lying within the Project Area, there are other senior mining claims in conflict with any of such claims.

3. Payments by the Company.

Following transfer of title to the Property under Section 7, Company shall pay to Claimholder (i) the Claimholder's net profits interest (NPI) under Section 8A and (ii) the Claimholder's net smelter return (NSR) royalty under Section 8B. Company's obligation to make payment under Section 8A and Section 8B shall cease to accrue on the first to occur of (i) completion by Company of mining operations, residual leaching and reclamation in the Project Area or (ii) other decision of Company to terminate operations in the Project Area and, if Claimholder so desires, to re-convey the property to Claimholder once reclamation and other environmental obligations have been satisfied, although this provision shall not relieve Company from its obligation to make payments that accrued prior to such occurrence.

C. All payments shall be paid in US dollars in immediately available funds.

D. Company hereby represents and warrants to Claimholder that it has adequate financial resources to make the payments required under this Section 3, as well as the Work Expenditures required under Section 4.

E. Company will promptly issue to each Seller the Convertible Promissory Notes, in the form of Exhibit C and the shares of restricted Common Stock to the Sellers as set forth in Exhibit B.

F. On or before December 31, 2011, whether by public offering, private placement or otherwise, Company will reimburse Claimholder for its cost of staking additional claims at the Property as agreed between Claimholder and Company.

4. Work Expenditures.

Until the earlier of (a) termination by Company of this Agreement under Section 6 or (b) transfer of title to the Company under Section 7, Company shall make the work expenditures on or for the benefit of the Property in the following amounts:

A. The sum of US$20,000 (Twenty thousand dollars) on or before June 30, 2012.

B. The sum of US$20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

Any excess of Work Expenditures in any year shall be carried forward to the succeeding year. If Work Expenditures in any year are deficient and Company desires to maintain this Agreement in effect, Company shall pay Claimholder in immediately available funds a sum equal to the deficiency in lieu of the Work Expenditure shortfall. For purposes of this Agreement, "Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

5. Rights and Obligations During Term.

The parties shall have the following rights and obligations prior to termination of this Agreement:

A. Access to Property and Provision of Data.

Company shall have full access to the Property to conduct such investigations and examinations as Company may deem desirable and to all information and data in Claimholder's possession and control pertaining to the Property necessary or desirable to enable Company to fully evaluate the Property and its commercial feasibility. Claimholder agrees to cooperate fully with Company in its investigation.

B. Activities by Company.

Company shall have exclusive possession of the Property, subject to the paramount rights of the United States and / or the State of Arizona with respect to unpatented mining claims included in the Property, and shall have the exclusive right to conduct such exploration, evaluation, and development activities on the Property (including bulk sampling) as Company may desire. Claimholder shall provide at Company's expense all reasonable assistance to Company for the obtaining of any permits, licenses, and third party consents needed for such work. Company shall also have the right to contact the pertinent federal, state, and local permitting agencies, and to negotiate with such agencies.

C. Maintenance of Property.

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment. Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

D. Sharing of Data.

During each year, Company will share with Claimholder all information (including interpretive and non-interpretive data, subject to typical disclaimers regarding interpretive data and statements that Claimholder may not rely upon the same) obtained from the exploration, evaluation, and development activities pertaining to the Property, including providing a copy of any geological and other principal reports relating to the Property, and will report to Claimholder in writing at least quarterly regarding the progress of the exploration and evaluation work and Work Expenditures made during the period.

E. Claimholder Access to Property.

Claimholder may have access to the Property at its sole risk on reasonable notice, and shall be entitled to conduct tours of the Property for investor relations and financing activities. Claimholder's exercise of its access rights shall not interfere in any way with Company's operations on the Property, which shall take precedence in the event of any conflict.

F. Conduct of Operations by Company at the Property.

All of the exploration, development, mining, milling and related work and any other activities which may be performed by Company or its agents or contractors hereunder shall be performed in accordance with all of the terms and conditions of this Agreement and good mining practices, but the timing, nature, manner and extent of any exploration, development or any other operations or activities hereunder shall be in the sole discretion of Company, and there shall be no implied covenant to begin or continue any such operations or activities.

G. Indemnity.

Except for damages sustained by Claimholder while on the Property pursuant to Section 5F, Company agrees to indemnify and hold Claimholder and its affiliates, and their respective, officers, directors, employees, agents, members, partners and agents harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) that may be incurred for injury to or death of persons or damage to property, or otherwise, as a result of Company or its agents or contractors conducting any operations on or in connection with the Property.

H. Insurance.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices. Company agrees that Claimholder shall be named as an additional insured on all such policies, and agrees to forward to Claimholder certificates of such insurance policies not later than 10 (Ten) days prior to the date that Company commences any such activities on the Property. Company shall have no right to commence any such activities until such certificates are delivered to Claimholder.

I. Compliance with Laws.

Company agrees to conduct and perform all of its operations at the Property during the term of this Agreement in compliance with all valid and applicable federal, state and local laws, rules and regulations, including without limitation laws, rules and regulations pertaining to environmental protection, human health and safety, social security, unemployment compensation, wages and hours and conditions of labor, and Company shall indemnify and hold Claimholder harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) arising from or related to Company's failure to comply with said laws.

J. Taxes.

During the term of this Agreement, Company shall be responsible for payment of all taxes levied or assessed upon or against the Property, as well as any facilities or improvements located thereon.

K. Liens and Encumbrances.

Company shall keep title to the Property free and clear of all liens and encumbrances resulting from its operations hereunder; provided, however, that Company may refuse to pay any claim asserted against it which it disputes in good faith. At its sole cost and expense, Company shall contest any suit, demand or action commenced to enforce such a claim and, if the suit, demand or action is decided by a court or other authority of ultimate and final jurisdiction against Company or the Property, Company shall promptly pay the judgment and shall post any bond and take all other action necessary to prevent any sale or loss of the Property or any part thereof. Company shall permit Claimholder to post Notices of Non-Responsibility at the collars of any shafts and in other locations required under Arizona law in order to prevent certain liens from attaching to the Property, and Company shall take all actions reasonably necessary to keep such notices posted in these locations.

L. Reclamation and Remediation.

Company shall reclaim the Property, to the extent disturbed by Company during the term of this Agreement, in accordance with and as required by applicable federal, state and local laws, rules and regulations.

6. Right to Terminate.

A. Termination.

(1) By the Company. Company may terminate this Agreement at any time at its sole option by giving Claimholder 120 (One hundred and twenty) days' prior written notice, upon which all rights and obligations of the parties under this Agreement shall cease, except for any limitation of liability, indemnification, and confidentiality provisions set forth herein; provided, however, that (i) if Company terminates this Agreement after April 1 of any year, Company agrees to pay governmental fees and make all governmental filings necessary to maintain the unpatented mining claims for the assessment year commencing on September 1 next following such notice of termination and (ii) if Company terminates this Agreement on or before April 30 of any year, Company shall remain obligated to comply with Section 4 for the contract year ended December 31 of such year.

(2) By Claimholder.

In the event that (i) Company shall fail to pay any of its monetary obligations under this Agreement when due and shall not pay same within 60 (Sixty) days following notice thereof by Claimholder or (ii) Company shall fail to perform any of its nonmonetary obligations under this Agreement and shall not cure its failure within 60 (Sixty) days following notice thereof by Claimholder (in each case an "uncured default"), Claimholder may terminate this Agreement upon 30 (Thirty) days written notice to Company. Termination pursuant to this Section 6.A.(2) shall not excuse Company from any of its obligations which accrued prior to the date of termination, and Claimholder shall retain all of its rights in law or in equity with respect thereto.

B. Return of Data.

As soon as practicable upon the termination of this Agreement, Company shall return to Claimholder copies of all title, environmental, metallurgical, geological, geophysical, milling and other data concerning the Property and furnished by Claimholder or previous owners of the Property or their agents or consultants to Company. At such time, Company shall also make available to Claimholder for examination and copying all survey maps, drill hole logs, sample locations and assays developed by Company with respect to the Property during the term of this Agreement and not previously made available to Claimholder and shall transfer custody to Claimholder of all drill cores.

C. Release.

Upon termination of this Agreement, Company will promptly execute and deliver to Claimholder appropriate documents of conveyance releasing and conveying its interest in the Property to Claimholder.

D. Surrender of Possession and Removal of Equipment.

Upon termination of this Agreement, Company shall surrender possession of the Property, subject to the condition that Company shall have the right at any time within one year (or such longer period as Company can demonstrate is reasonably necessary) after such surrender or termination of this Agreement to (i) complete any reclamation obligations required of Company under this Agreement or by governmental law or regulation and (ii) remove all of its tools, equipment, machinery, supplies, fixtures, buildings, structures and other property erected or placed on such property by Company, excepting only timber, chutes and ladders in place for underground entry and support. Title to such property not removed within the time period set forth above shall, at the election of Claimholder, pass to Claimholder. Alternatively, at the end of the time period set forth above, Claimholder may remove any such property from the Property and dispose of same in a commercially reasonable manner, all at the expense of Company.

7. Transfer of Title.

Title to the Property shall be transferred to the Company only upon completion of each and every one of the following conditions: (a) the completion of a "positive" feasibility study for the Property, (b) the making of an affirmative production decision for the Property by Company's and any parent corporation's Boards of Directors and (c) presentation to Claimholder of evidence satisfactory to Claimholder that Company has obtained the financing necessary to develop and operate the Property. Unless there is an uncured default by the Company that is continuing, Claimholder shall deliver to Company, within 5 (five) business days of the notice of satisfaction of the conditions set forth in the previous sentence, a special warranty deed in form satisfactory to Company transferring title to a 100% (One hundred percent) interest in the Property, and reserving to Claimholder the net profits interest ("NPI") in production from the Property and the net smelter returns royalty ("NSR"), each as set forth in Section 8 below. Company shall promptly record said deed with the La Paz County Recorder and with the Arizona State Office of the Bureau of Land Management.

8. Claimholder NPI and NSR Royalty.

A. Claimholder NPI.

Searchlight reserves a 5% (Five percent) net profits interest ("NPI") in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder's NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

B. Net Smelter Returns Royalty.

In addition to Claimholder's NPI, Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis.

C. Payable in Kind; Payable Quarterly.

Claimholder may elect to receive in kind its NPI or its NSR Royalty (as described below). Both royalties shall be payable quarterly.

9. Cross - Indemnity.

Each party ("Indemnifying Party") agrees to defend, indemnify and hold harmless the other party, its successors, affiliates, assigns, officers, directors and employees, members, partners and agents ("Indemnitees") from and against any and all claims, actions suits, losses, liabilities, damages, assessments, judgments, costs and expenses, including reasonable attorney's fees, arising out of or pertaining to (i) any breach by the indemnifying party of any representation, warranty or obligation under this Agreement or (ii) any activities conducted by the Indemnifying Party or its agents on the Property.

10. Assignment.

Neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Claimholder may assign its interest at any time after December 31, 2010 to a third party without the consent of Company if such third party agrees to assume all of Claimholder's obligations under this Agreement, and provided further that Company may assign its interest to an affiliated company or a successor without the consent of Claimholder, provided that the assignee agrees to assume all of Company's obligations under this Agreement and has a tangible net worth no less than that of Company prior to the assignment.

11. Governing Law. Consent to Jurisdiction.

This Agreement shall be governed by the laws of the State of Arizona, excluding any conflicts of laws principles. Each party consents to the exclusive jurisdiction and venue of the federal and state courts sitting in Mohave County, Arizona, U.S.A. over any dispute, claim, lawsuit or proceeding arising from or pertaining to this Agreement, and waives any argument that such courts are an "inconvenient forum".

12. Affiliated Companies.

Each party shall take such actions as may be necessary to cause its affiliates to comply with the obligations contemplated herein. "Affiliate" of a party means any person, partnership, joint venture, corporation, or other form of enterprise that directly or indirectly controls, is controlled by, or is under common control with, the party.

13. Notices.

All notices required or permitted to be given hereunder shall be in writing and shall be delivered to the parties by personal delivery, registered or certified mail, facsimile transmission, or express delivery service at the addresses set forth below, or to such other address as the parties may later designate by like notice to each other:

Company:

GNCC Capital, Inc.
2870 S. Jones Blvd.
Las Vegas, NV 89146, U.S.A.

Searchlight:

Searchlight Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

Searchlight:

Anaconda Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

The Other Sellers:

As set forth on Exhibit B

All notices required or permitted to be given hereunder shall be deemed to have been given on the date of actual receipt.

14. Dollars.

All dollar ($) amounts used in this Agreement or any Exhibit or Schedule hereto are U.S. $ Dollars.

15. Other Business Opportunities.

This Agreement is, and the rights of the parties are strictly limited to the matters set forth herein. The parties shall have the free and unrestricted right to independently engage in and receive the full benefits of any and all business ventures of any sort whatever, whether or not competitive with the matters contemplated hereby, without consulting the other or inviting or allowing the other to participate therein.

16. Confidentiality.

Except as set forth in Section 18, the parties hereto agree to treat all data, reports, records and other information developed under this Agreement and applicable to the Property as confidential, and unless any party is required by any law, rule, regulation or order to disclose any of such information, it shall not be disclosed to any person other than consultants, contractors or potential investors or assignees, without the written agreement of both parties, which will not unreasonably be withheld.

17. Memorandum for Recording.

Promptly following execution and delivery of this Agreement, the parties shall execute for recording purposes a Memorandum of Conditional Sale Contract, setting forth the basic terms and conditions of this Agreement as necessitated or permitted by Arizona law. Company shall promptly record this Memorandum with the La Paz County Recorder.

18. Public Announcements.

Disclosure of information relating to this Agreement or the Property may be made by either party if such information is required to be disclosed to any federal, state, provincial or local government or appropriate agencies and departments thereof or if such information is required by law, stock exchange rule or regulation to be publicly announced. Otherwise, public announcements or reports by either party of information relating to this Agreement or the Property shall be made only on the basis of agreed texts upon the prior written consent of the other party, which consent shall not unreasonably be withheld. Each of Claimholder and Company accordingly agrees that it will, not less than forty-eight hours in advance of making public any information referred to in the preceding sentence, give the other party written notice of the text of the proposed report and provide the non-disclosing party with the opportunity to object to the form and content thereof before the same is issued. The non-disclosing party shall respond within 48 (forty eight) hours of receipt of such notice, or its silence will constitute a waiver of objection to the terms of the proposed text.

19. Waiver; Amendment.

Any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but such waiver must be in writing and signed by the party granting the waiver. No such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction of any other term or condition thereof. Any of the terms or provisions of this Agreement may be amended or modified at any time, but only in a writing signed by each of the parties hereto.

20. Severability.

In the event that any one or more of the provisions contained in this Agreement or in any other instrument or agreement contemplated hereby shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any such other instrument or agreement.

21. Attorney's Fees.

In the event of any controversy, claim or dispute between the parties hereto, arising out of or pertaining to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

22. Further Assurances.

At the request of either party, the parties shall execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either party to effect the purposes of this Agreement and the transactions contemplated hereby.

23. Counterparts.

This Agreement may be executed in multiple counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

24. No Brokers or Finders.

Each party represents and warrants to the other party that all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by it in such manner as not to give rise to any valid claim against either party, or any third party, for a brokerage commission, finder's fee or other fee or commission arising by reason of the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

Exhibit B

SELLERS

Name	Principal Amount of Convertible Notes	Number of Shares Issued
Searchlight Exploration, LLC	US$ 89,500	693,000
Anaconda Exploration, LLC	US$ 89,500	693,000
Stelan Real Estate Management, Inc.	US$ 179,000	1,386,000
Castlewood Capital Group, S.A.	US$ 86,520	673,680
Highwave Management Corp.	US$ 115,369	898,240
Streetside Holdings AG	US$ 129,780	1,010,520
Artco Capital Ltd.	US$ 100,940	785,960
Insight Holdings, S.A.	US$ 129,780	1,010,520
Emerald International Corporation	US$ 115,351	898,240
Saffron Ventures GmbH	US$ 129,780	1,010,520
Liberty Investment Services Ltd.	US$ 129,780	1,010,520
Macy Ocean Enterprises, Inc.	US$ 115,360	898,240
Neutral Bay Investments, S.A.	US$ 129,780	1,010,520
Diamond Peak Resource Corporation	US$ 129,780	1,010,520
Western Treasure Holdings Corp.	US$ 129,780	1,010,520
TOTAL	**US$1,800,000**	**14,000,000**

Exhibit C (1 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$89,500 (Eighty nine thousand five hundred dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (2 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ANACONDA EXPLORATION, LLC or its registered assigns, the principal sum of US$89,500 (Eighty nine thousand five hundred dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(iii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(iv) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(ii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (3 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$179,000 (One hundred and seventy nine thousand dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(v) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(vi) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(iii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (4 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$86,520 (Eighty six thousand five hundred and twenty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(vii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(viii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(iv) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (5 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$115,369 (one hundred and fifteen thousand three hundred and sixty nine dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(ix) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(x) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(v) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (6 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xi) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(vi) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (7 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL LTD or its registered assigns, the principal sum of US$100,940 (One hundred thousand nine hundred and forty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xiii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xiv) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(vii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (8 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xv) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xvi) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(viii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (9 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$115,351 (one hundred and fifteen thousand three hundred and fifty one dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xvii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xviii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(ix) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (10 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xix) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xx) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(x) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (11 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxi) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xi) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (12 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$115,360 (One hundred and fifteen thousand three hundred and sixty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxiii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxiv) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (13 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxv) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxvi) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xiii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (14 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxvii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxviii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xiv) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be 薈 蔆 薔 蒼 薧 薨 薩 藂 軓 軠 軨 載 軜 輛 輦 軿 輗 暢 轡 轮 辋 辎 辗 辻 达 迄 迤 迚 述 迴 迿 退 逄 逆 郇 郧 鄱 鄸 灥 酊 酤 酥 酪 酨 酾 酿 酬 酴 醃 醢 醪 醑 醴 醾 □□□ be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (15 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: SEPTEMBER 29, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on September 29, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: SEPTEMBER 29, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxix) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxx) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xv) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due September 29, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the Company enter into a Silver Project Acquisition Agreement in respect of additional claims at the "Kit Carson" Project with Searchlight Exploration, LLC, middle Verde Development Co., LLC and other Sellers; effective immediately; and

FURTHER RESOLVED, that the additional "Kit Carson" Silver Project Acquisition Agreement is HEREBY APPROVED; and

FURTHER RESOLVED, that the Company's Transfer Agent is hereby directed to issue to the Sellers an amount of 14,000,000 (Fourteen million) shares of restricted Common Stock, US$0.00001 par value, of the Company.

FURTHER RESOLVED, that the shares of restricted Common Stock issued to the Sellers will be issued at a price of US$0.02 (Two cents) per share.

FURTHER RESOLVED, that the Company issue Convertible Notes to the Sellers in the Principal amount of US$1,800,000 (One million eight hundred thousand) bearing interest at 5% (Five percent) per annum.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of December 2, 2010.

SOLE DIRECTOR



_____

RONALD YADIN LOWENTHAL

SILVER

PROJECT ACQUISITION AGREEMENT

AMONG

GNCC CAPITAL, INC.,

SEARCHLIGHT EXPLORATION, LLC

MIDDLE VERDE DEVELOMENT CO., LLC

AND

THE OTHER SELLERS IDENTIFIED IN EXHIBIT B

Dated as of December 2, 2010

SILVER
PROJECT ACQUISITION AGREEMENT

This GOLD PROJECT ACQUISITION AGREEMENT (this "Agreement"), dated as of December 2, 2010 is made by and between GNCC Capital, Inc., a Delaware corporation with an address of 2870 S. Jones Blvd., Las Vegas, NV 89146 ("Company"), Searchlight Exploration, LLC, an Arizona limited liability company with an address of 9212 Empire Rock Street, Las Vegas, NV 89143 ("Searchlight") and Middle Verde Development Co., LLC ("Middle Verde") (Searchlight and Middle Verde are referred to herein as "Claimholder") and the other Sellers identified in Exhibit B hereto (Searchlight, Middle Verde and such other Sellers being hereinafter referred to as the "Sellers").

1. Summary of Transaction.

In consideration of US$1,800,000 (One million eight hundred thousand) principal amount of the Company's 5% (Five percent) Convertible Notes in the form of Exhibit C hereto and an amount of 14,000,000 (Fourteen million) restricted shares of the Company's Common Stock to be issued to Sellers and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Claimholder hereby sells to the Company the additional unpatented lode mining claims and other property known as the "Kit Carson" Silver Project and more particularly described in Exhibit A hereto (the "Property") upon the terms and conditions set forth in this Agreement.

2. Title to the Property.

A. Claimholder hereby represents and warrants to Company as follows:

(i) Claimholder owns or is able to convey a full and undivided interest in and to each of the unpatented mining claims included in the Property as of the date hereof;

(ii) To the best of the knowledge, information and belief of Claimholder, all such claims have been validly located and maintained in accordance with all applicable laws and regulations;

(iii) All such claims are free and clear of all liens, claims, and encumbrances whatsoever, subject only to the paramount interest of the United States of America and / or the State of Arizona; all taxes, if any, which may be or which may become a lien upon the Property, as of the date hereof, have been paid;

(iv) The Property is not in any manner encumbered as a result of any conduct or activity of Claimholder;

(vi) Having secured the approval of its members to the terms and conditions of this Agreement, Claimholder has full and complete authority to execute this Agreement and to grant the rights herein conferred on Company; and

(vii) Claimholder has no knowledge that any of the mining claims comprising the Property are invalid, or that, except for any patented ground lying within the Project Area, there are other senior mining claims in conflict with any of such claims.

3. Payments by the Company.

Following transfer of title to the Property under Section 7, Company shall pay to Claimholder (i) the Claimholder's net profits interest (NPI) under Section 8A and (ii) the Claimholder's net smelter return (NSR) royalty under Section 8B. Company's obligation to make payment under Section 8A and Section 8B shall cease to accrue on the first to occur of (i) completion by Company of mining operations, residual leaching and reclamation in the Project Area or (ii) other decision of Company to terminate operations in the Project Area and, if Claimholder so desires, to re-convey the property to Claimholder once reclamation and other environmental obligations have been satisfied, although this provision shall not relieve Company from its obligation to make payments that accrued prior to such occurrence.

C. All payments shall be paid in US dollars in immediately available funds.

D. Company hereby represents and warrants to Claimholder that it has adequate financial resources to make the payments required under this Section 3, as well as the Work Expenditures required under Section 4.

E. Company will promptly issue to each Seller the Convertible Promissory Notes, in the form of Exhibit C and the shares of restricted Common Stock to the Sellers as set forth in Exhibit B.

F. On or before December 31, 2011, whether by public offering, private placement or otherwise, Company will reimburse Claimholder for its cost of staking additional claims at the Property as agreed between Claimholder and Company.

4. Work Expenditures.

Until the earlier of (a) termination by Company of this Agreement under Section 6 or (b) transfer of title to the Company under Section 7, Company shall make the work expenditures on or for the benefit of the Property in the following amounts:

A. The sum of US$20,000 (Twenty thousand dollars) on or before June 30, 2012.

B. The sum of US$20,000 (Twenty thousand dollars) on or before December 31 of each year thereafter.

Any excess of Work Expenditures in any year shall be carried forward to the succeeding year. If Work Expenditures in any year are deficient and Company desires to maintain this Agreement in effect, Company shall pay Claimholder in immediately available funds a sum equal to the deficiency in lieu of the Work Expenditure shortfall. For purposes of this Agreement, "Work Expenditures" is defined as sums spent or incurred by Company directly on the Property for exploration and development of the Property, including drilling, geochemical sampling, geophysical or seismic survey, assaying, and ore reserve calculation; metallurgical and engineering analyses; environmental and permitting analyses and activities; feasibility studies; and financing investigations; plus 5% (Five percent) of such direct costs in lieu of headquarters overhead and general and administrative expenditures.

5. Rights and Obligations During Term.

The parties shall have the following rights and obligations prior to termination of this Agreement:

A. Access to Property and Provision of Data.

Company shall have full access to the Property to conduct such investigations and examinations as Company may deem desirable and to all information and data in Claimholder's possession and control pertaining to the Property necessary or desirable to enable Company to fully evaluate the Property and its commercial feasibility. Claimholder agrees to cooperate fully with Company in its investigation.

B. Activities by Company.

Company shall have exclusive possession of the Property, subject to the paramount rights of the United States and / or the State of Arizona with respect to unpatented mining claims included in the Property, and shall have the exclusive right to conduct such exploration, evaluation, and development activities on the Property (including bulk sampling) as Company may desire. Claimholder shall provide at Company's expense all reasonable assistance to Company for the obtaining of any permits, licenses, and third party consents needed for such work. Company shall also have the right to contact the pertinent federal, state, and local permitting agencies, and to negotiate with such agencies.

C. Maintenance of Property.

Company shall maintain in good standing all unpatented mining claims that comprise the Property. Company shall, as required by the Federal Government with respect to unpatented mining claims on federal lands, perform required assessment work or timely pay all claim maintenance or rental fees and all required property taxes, and shall timely make all filings and recordings in the appropriate governmental offices required in connection with such payments. In the event Claimholder makes any such payment (although it shall have no obligation to do so), Company shall promptly reimburse Claimholder for payment of such holding costs upon receipt by Company of evidence of such payment. Company shall have the right to amend or relocate in the name(s) of Claimholder any unpatented mining claims included in the Property, to locate different types of claims on ground covered by existing claims, and to locate any fractions.

D. Sharing of Data.

During each year, Company will share with Claimholder all information (including interpretive and non-interpretive data, subject to typical disclaimers regarding interpretive data and statements that Claimholder may not rely upon the same) obtained from the exploration, evaluation, and development activities pertaining to the Property, including providing a copy of any geological and other principal reports relating to the Property, and will report to Claimholder in writing at least quarterly regarding the progress of the exploration and evaluation work and Work Expenditures made during the period.

E. Claimholder Access to Property.

Claimholder may have access to the Property at its sole risk on reasonable notice, and shall be entitled to conduct tours of the Property for investor relations and financing activities. Claimholder's exercise of its access rights shall not interfere in any way with Company's operations on the Property, which shall take precedence in the event of any conflict.

F. Conduct of Operations by Company at the Property.

All of the exploration, development, mining, milling and related work and any other activities which may be performed by Company or its agents or contractors hereunder shall be performed in accordance with all of the terms and conditions of this Agreement and good mining practices, but the timing, nature, manner and extent of any exploration, development or any other operations or activities hereunder shall be in the sole discretion of Company, and there shall be no implied covenant to begin or continue any such operations or activities.

G. Indemnity.

Except for damages sustained by Claimholder while on the Property pursuant to Section 5F, Company agrees to indemnify and hold Claimholder and its affiliates, and their respective, officers, directors, employees, agents, members, partners and agents harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) that may be incurred for injury to or death of persons or damage to property, or otherwise, as a result of Company or its agents or contractors conducting any operations on or in connection with the Property.

H. Insurance.

Company agrees to carry such insurance, covering all persons working at or on the Property for Company, as will fully comply with the requirements of the statutes of the State of Arizona pertaining to worker's compensation and occupational disease and disabilities as are now in force or as may be hereafter amended or enacted. In addition, Company agrees to carry liability insurance with respect to its operations at the Property in reasonable amounts in accordance with accepted industry practices. Company agrees that Claimholder shall be named as an additional insured on all such policies, and agrees to forward to Claimholder certificates of such insurance policies not later than 10 (Ten) days prior to the date that Company commences any such activities on the Property. Company shall have no right to commence any such activities until such certificates are delivered to Claimholder.

I. Compliance with Laws.

Company agrees to conduct and perform all of its operations at the Property during the term of this Agreement in compliance with all valid and applicable federal, state and local laws, rules and regulations, including without limitation laws, rules and regulations pertaining to environmental protection, human health and safety, social security, unemployment compensation, wages and hours and conditions of labor, and Company shall indemnify and hold Claimholder harmless from and against any loss, liability, cost, expense or damage (including reasonable attorney's fees) arising from or related to Company's failure to comply with said laws.

J. Taxes.

During the term of this Agreement, Company shall be responsible for payment of all taxes levied or assessed upon or against the Property, as well as any facilities or improvements located thereon.

K. Liens and Encumbrances.

Company shall keep title to the Property free and clear of all liens and encumbrances resulting from its operations hereunder; provided, however, that Company may refuse to pay any claim asserted against it which it disputes in good faith. At its sole cost and expense, Company shall contest any suit, demand or action commenced to enforce such a claim and, if the suit, demand or action is decided by a court or other authority of ultimate and final jurisdiction against Company or the Property, Company shall promptly pay the judgment and shall post any bond and take all other action necessary to prevent any sale or loss of the Property or any part thereof. Company shall permit Claimholder to post Notices of Non-Responsibility at the collars of any shafts and in other locations required under Arizona law in order to prevent certain liens from attaching to the Property, and Company shall take all actions reasonably necessary to keep such notices posted in these locations.

L. Reclamation and Remediation.

Company shall reclaim the Property, to the extent disturbed by Company during the term of this Agreement, in accordance with and as required by applicable federal, state and local laws, rules and regulations.

6. Right to Terminate.

A. Termination.

(1) By the Company. Company may terminate this Agreement at any time at its sole option by giving Claimholder 120 (One hundred and twenty) days' prior written notice, upon which all rights and obligations of the parties under this Agreement shall cease, except for any limitation of liability, indemnification, and confidentiality provisions set forth herein; provided, however, that (i) if Company terminates this Agreement after April 1 of any year, Company agrees to pay governmental fees and make all governmental filings necessary to maintain the unpatented mining claims for the assessment year commencing on September 1 next following such notice of termination and (ii) if Company terminates this Agreement on or before April 30 of any year, Company shall remain obligated to comply with Section 4 for the contract year ended December 31 of such year.

(2) By Claimholder.

In the event that (i) Company shall fail to pay any of its monetary obligations under this Agreement when due and shall not pay same within 60 (Sixty) days following notice thereof by Claimholder or (ii) Company shall fail to perform any of its nonmonetary obligations under this Agreement and shall not cure its failure within 60 (Sixty) days following notice thereof by Claimholder (in each case an "uncured default"), Claimholder may terminate this Agreement upon 30 (Thirty) days written notice to Company. Termination pursuant to this Section 6.A.(2) shall not excuse Company from any of its obligations which accrued prior to the date of termination, and Claimholder shall retain all of its rights in law or in equity with respect thereto.

B. Return of Data.

As soon as practicable upon the termination of this Agreement, Company shall return to Claimholder copies of all title, environmental, metallurgical, geological, geophysical, milling and other data concerning the Property and furnished by Claimholder or previous owners of the Property or their agents or consultants to Company. At such time, Company shall also make available to Claimholder for examination and copying all survey maps, drill hole logs, sample locations and assays developed by Company with respect to the Property during the term of this Agreement and not previously made available to Claimholder and shall transfer custody to Claimholder of all drill cores.

C. Release.

Upon termination of this Agreement, Company will promptly execute and deliver to Claimholder appropriate documents of conveyance releasing and conveying its interest in the Property to Claimholder.

D. Surrender of Possession and Removal of Equipment.

Upon termination of this Agreement, Company shall surrender possession of the Property, subject to the condition that Company shall have the right at any time within one year (or such longer period as Company can demonstrate is reasonably necessary) after such surrender or termination of this Agreement to (i) complete any reclamation obligations required of Company under this Agreement or by governmental law or regulation and (ii) remove all of its tools, equipment, machinery, supplies, fixtures, buildings, structures and other property erected or placed on such property by Company, excepting only timber, chutes and ladders in place for underground entry and support. Title to such property not removed within the time period set forth above shall, at the election of Claimholder, pass to Claimholder. Alternatively, at the end of the time period set forth above, Claimholder may remove any such property from the Property and dispose of same in a commercially reasonable manner, all at the expense of Company.

7. Transfer of Title.

Title to the Property shall be transferred to the Company only upon completion of each and every one of the following conditions: (a) the completion of a "positive" feasibility study for the Property, (b) the making of an affirmative production decision for the Property by Company's and any parent corporation's Boards of Directors and (c) presentation to Claimholder of evidence satisfactory to Claimholder that Company has obtained the financing necessary to develop and operate the Property. Unless there is an uncured default by the Company that is continuing, Claimholder shall deliver to Company, within 5 (five) business days of the notice of satisfaction of the conditions set forth in the previous sentence, a special warranty deed in form satisfactory to Company transferring title to a 100% (One hundred percent) interest in the Property, and reserving to Claimholder the net profits interest ("NPI") in production from the Property and the net smelter returns royalty ("NSR"), each as set forth in Section 8 below. Company shall promptly record said deed with the Yavapai County Recorder and with the Arizona State Office of the Bureau of Land Management.

8. Claimholder NPI and NSR Royalty.

A. Claimholder NPI.

Searchlight reserves a 5% (Five percent) net profits interest ("NPI") in the Property. For purposes of Claimholder's and Company's respective NPI, "Net Profits" shall be calculated pursuant to generally accepted accounting principles in the United States of America, provided, however, that the calculation of net profits shall not include any benefit or loss from price hedging and price protection arrangements conducted by or on behalf of Company and, provided, further, that Company shall be entitled to deduct from revenues only the following percentages of total operating costs in lieu of headquarters overhead and headquarters general and administrative expenses: 3% (Three percent) during the development/construction stage of operations and 1% (one percent) during the mining and processing stage of operations and, provided, further, that no deduction shall be made for depletion or depreciation. Claimholder's NPI shall be a fully carried interest, and Claimholder shall not be required to fund any expenses relating to the Property or its exploration, development, production or reclamation.

B. Net Smelter Returns Royalty.

In addition to Claimholder's NPI, Claimholder hereby reserves a 4% (Four percent) net smelter returns royalty ("NSR Royalty") for all commodities produced. For purposes of this Agreement, the "net smelter return" is defined as the amount of money which the smelter or refinery, as the case may be, pays the Company for the commodity based on the then current spot price of silver, with deductions for costs associated with further processing but without deductions for taxes, calculated on an FOB mine site basis.

C. Payable in Kind; Payable Quarterly.

Claimholder may elect to receive in kind its NPI or its NSR Royalty (as described below). Both royalties shall be payable quarterly.

9. Cross - Indemnity.

Each party ("Indemnifying Party") agrees to defend, indemnify and hold harmless the other party, its successors, affiliates, assigns, officers, directors and employees, members, partners and agents ("Indemnitees") from and against any and all claims, actions suits, losses, liabilities, damages, assessments, judgments, costs and expenses, including reasonable attorney's fees, arising out of or pertaining to (i) any breach by the indemnifying party of any representation, warranty or obligation under this Agreement or (ii) any activities conducted by the Indemnifying Party or its agents on the Property.

10. Assignment.

Neither party may assign its rights and obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Claimholder may assign its interest at any time after December 31, 2010 to a third party without the consent of Company if such third party agrees to assume all of Claimholder's obligations under this Agreement, and provided further that Company may assign its interest to an affiliated company or a successor without the consent of Claimholder, provided that the assignee agrees to assume all of Company's obligations under this Agreement and has a tangible net worth no less than that of Company prior to the assignment.

11. Governing Law. Consent to Jurisdiction.

This Agreement shall be governed by the laws of the State of Arizona, excluding any conflicts of laws principles. Each party consents to the exclusive jurisdiction and venue of the federal and state courts sitting in Yavapai County, Arizona, U.S.A. over any dispute, claim, lawsuit or proceeding arising from or pertaining to this Agreement, and waives any argument that such courts are an "inconvenient forum".

12. Affiliated Companies.

Each party shall take such actions as may be necessary to cause its affiliates to comply with the obligations contemplated herein. "Affiliate" of a party means any person, partnership, joint venture, corporation, or other form of enterprise that directly or indirectly controls, is controlled by, or is under common control with, the party.

13. Notices.

All notices required or permitted to be given hereunder shall be in writing and shall be delivered to the parties by personal delivery, registered or certified mail, facsimile transmission, or express delivery service at the addresses set forth below, or to such other address as the parties may later designate by like notice to each other:

Company:

GNCC Capital, Inc.
2870 S. Jones Blvd.
Las Vegas, NV 89146, U.S.A.

Searchlight:

Searchlight Exploration, LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

Middle Verde:

Middle Verde Development Co., LLC
9212 Empire Rock Street
Las Vegas, NV 89143 U.S.A.

The Other Sellers:

As set forth on Exhibit B

All notices required or permitted to be given hereunder shall be deemed to have been given on the date of actual receipt.

14. Dollars.

All dollar ($) amounts used in this Agreement or any Exhibit or Schedule hereto are U.S. $ Dollars.

15. Other Business Opportunities.

This Agreement is, and the rights of the parties are strictly limited to the matters set forth herein. The parties shall have the free and unrestricted right to independently engage in and receive the full benefits of any and all business ventures of any sort whatever, whether or not competitive with the matters contemplated hereby, without consulting the other or inviting or allowing the other to participate therein.

16. Confidentiality.

Except as set forth in Section 18, the parties hereto agree to treat all data, reports, records and other information developed under this Agreement and applicable to the Property as confidential, and unless any party is required by any law, rule, regulation or order to disclose any of such information, it shall not be disclosed to any person other than consultants, contractors or potential investors or assignees, without the written agreement of both parties, which will not unreasonably be withheld.

17. Memorandum for Recording.

Promptly following execution and delivery of this Agreement, the parties shall execute for recording purposes a Memorandum of Conditional Sale Contract, setting forth the basic terms and conditions of this Agreement as necessitated or permitted by Arizona law. Company shall promptly record this Memorandum with the La Paz County Recorder.

18. Public Announcements.

Disclosure of information relating to this Agreement or the Property may be made by either party if such information is required to be disclosed to any federal, state, provincial or local government or appropriate agencies and departments thereof or if such information is required by law, stock exchange rule or regulation to be publicly announced. Otherwise, public announcements or reports by either party of information relating to this Agreement or the Property shall be made only on the basis of agreed texts upon the prior written consent of the other party, which consent shall not unreasonably be withheld. Each of Claimholder and Company accordingly agrees that it will, not less than forty-eight hours in advance of making public any information referred to in the preceding sentence, give the other party written notice of the text of the proposed report and provide the non-disclosing party with the opportunity to object to the form and content thereof before the same is issued. The non-disclosing party shall respond within 48 (forty eight) hours of receipt of such notice, or its silence will constitute a waiver of objection to the terms of the proposed text.

19. Waiver; Amendment.

Any of the terms or conditions of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but such waiver must be in writing and signed by the party granting the waiver. No such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction of any other term or condition thereof. Any of the terms or provisions of this Agreement may be amended or modified at any time, but only in a writing signed by each of the parties hereto.

20. Severability.

In the event that any one or more of the provisions contained in this Agreement or in any other instrument or agreement contemplated hereby shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any such other instrument or agreement.

21. Attorney's Fees.

In the event of any controversy, claim or dispute between the parties hereto, arising out of or pertaining to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

22. Further Assurances.

At the request of either party, the parties shall execute and deliver any further instruments, agreements, documents or other papers reasonably requested by either party to effect the purposes of this Agreement and the transactions contemplated hereby.

23. Counterparts.

This Agreement may be executed in multiple counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

24. No Brokers or Finders.

Each party represents and warrants to the other party that all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by it in such manner as not to give rise to any valid claim against either party, or any third party, for a brokerage commission, finder's fee or other fee or commission arising by reason of the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

Exhibit B

SELLERS

Name	Principal Amount of Convertible Notes	Number of Shares Issued
Searchlight Exploration, LLC	US$ 89,500	693,000
Middle Verde Development Co., LLC	US$ 89,500	693,000
Stelan Real Estate Management, Inc.	US$ 179,000	1,386,000
Castlewood Capital Group, S.A.	US$ 86,520	673,680
Highwave Management Corp.	US$ 115,369	898,240
Streetside Holdings AG	US$ 129,780	1,010,520
Artco Capital Ltd.	US$ 100,940	785,960
Insight Holdings, S.A.	US$ 129,780	1,010,520
Emerald International Corporation	US$ 115,351	898,240
Saffron Ventures GmbH	US$ 129,780	1,010,520
Liberty Investment Services Ltd.	US$ 129,780	1,010,520
Macy Ocean Enterprises, Inc.	US$ 115,360	898,240
Neutral Bay Investments, S.A.	US$ 129,780	1,010,520
Diamond Peak Resource Corporation	US$ 129,780	1,010,520
Western Treasure Holdings Corp.	US$ 129,780	1,010,520
TOTAL	**US$1,800,000**	**14,000,000**

Exhibit C (1 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$89,500 (Eighty nine thousand five hundred dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (2 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MIDDLE VERDE DEVELOPMENT CO., LLC or its registered assigns, the principal sum of US$89,500 (Eighty nine thousand five hundred dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(iii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(iv) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(ii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (3 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$179,000 (One hundred and seventy nine thousand dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(v) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(vi) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(iii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2,Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (4 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$86,520 (Eighty six thousand five hundred and twenty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(vii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(viii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(iv) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (5 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$115,369 (one hundred and fifteen thousand three hundred and sixty nine dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(ix) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(x) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(v) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, 011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2,lar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (6 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xi) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(vi) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (7 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL LTD or its registered assigns, the principal sum of US$100,940 (One hundred thousand nine hundred and forty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xiii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xiv) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(vii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (8 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xv) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xvi) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(viii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (9 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$115,351 (one hundred and fifteen thousand three hundred and fifty one dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xvii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xviii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(ix) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such mber 2, 2011December 2, 2011December 2,r of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (10 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xix) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xx) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(x) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (11 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxi) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xi) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (12 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$115,360 (One hundred and fifteen thousand three hundred and sixty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxiii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxiv) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (13 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2,dred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxv) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxvi) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xiii) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (14 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, 2011December 2, (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxvii) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxviii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xiv) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Exhibit C (15 of 15)

Form of Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

5% Convertible Notes due 2011

Issue Date: DECEMBER 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP or its registered assigns, the principal sum of US$129,780 (One hundred and twenty nine thousand seven hundred and eighty dollars) on December 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360 (Three hundred and sixty) day year of 12 (Twelve) 30 (Thirty) day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(xxix) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(xxx) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(xv) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 5% (Five percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due December 2, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).



THIS ANNEXED AGREEMENT IS PRIVILIGED.

IT HAS NOT BEEN FILED WITH ANY REGULATORS, NOR IS IT IN THE PUBLIC DOMAIN

PRIMARY SIGNATORIES TO THIS AGREEMENT HAVE BEEN DELETED FOR THE PURPOSES OF THIS PRESENTATON OF INFORMATION

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the size of the Board of Directors is increased by one seat to a total of two seats, effective immediately. If required, the By-Laws of the Company are hereby amended to reflect the increased size of the Board of Directors; and be it

FURTHER RESOLVED, that Ronald Yadin Lowenthal is hereby appointed Director of the Company to fill the vacant second seat created by the previous Resolution. Mr. Lowenthal shall serve as a member of the Company's Board of Directors until the Company's next Annual Meeting and until his successor is duly elected and qualified.

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of April 19, 2010

DIRECTORS

Joseph Bartel

Joseph Bartel

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS IN LIEU OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF GNCC CAPITAL, INC.

The undersigned, being the Directors (the "Directors") of GNCC Capital, Inc., a Delaware corporation (the "Company"), hereby adopt the following resolutions as the actions of the Board of Directors of the Company:

RESOLVED, that the following individuals are hereby elected officers of the Company, to serve until the latter of the next annual meeting of shareholders or until their respective successors are duly elected and qualified:

President and Chief Executive Officer (CEO)	Ronald Yadin Lowenthal
Chief Financial Officer	Ronald Yadin Lowenthal
Secretary	Ronald Yadin Lowenthal
Treasurer	Ronald Yadin Lowenthal

IN WITNESS WHEREOF, the undersigned have executed this unanimous consent as of April 20, 2010

DIRECTORS



_____

Ronald Yadin Lowenthal

RESIGNATION OF JOSEPH BARTEL

I hereby resign from any and all of my positions as Director or Officer of GNCC Capital, Inc., a Delaware corporation, effective immediately.

Joseph Bartel

Joseph Bartel
Date: April 19, 2010

EMPLOYMENT AND SERVICE AGREEMENT

This employment agreement (this "Agreement"), dated as of April 30, 2010 (the "Effective Date"), is made by and between GNCC Capital, Inc., a Delaware corporation (the "Corporation"), and Ronald Yadin Lowenthal (the "Executive") (each, a "Party" and together, the "Parties").

WHEREAS, the Executive is employed as President and Chief Executive Officer of the Corporation; and

WHEREAS, the Parties wish to establish the terms of the Executive's employment by the Corporation;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. **POSITION/DUTIES:-**

(a) During the Employment Term (as defined in Section 2 below), the Executive shall serve as President and as the Chief Executive Officer of the Corporation. In this capacity the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other reasonable duties and responsibilities as the Board of Directors of the Corporation (the "Board") shall designate. The Executive shall report directly to the Board of Directors of the Corporation. The Executive shall obey the lawful directions of the Board and shall use his diligent efforts to promote the interests of the Corporation and to maintain and promote the reputation thereof.

(b) During the Employment Term, the Executive shall use his best efforts to perform his duties under this Agreement and shall as much of his time energy and skill in the performance of his duties with the Corporation.

2. **EMPLOYMENT TERM:-**

Except for earlier termination as provided in Section 6, the Executive's employment under this Agreement shall be for a **two-year term** commencing on the Effective Date and ending on April 30, 2012 (the "Employment Term").

3. **BASE SALARY:-**

The Corporation agrees to pay to the Executive a base salary at an annual rate of not less than US$50,000 (Fifty thousand dollars), payable in accordance with the regular payroll practices of the Corporation. The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof). The base salary as determined herein from time to time shall constitute "Base Salary" for purposes of this Agreement**.** It is recorded that the Executive shall receive the full settlement of his first 2 (two) years' base salary through the issue by the Corporation to the Executive of an amount of 2,500,000 (Two million five hundred thousand) restricted shares of the Corporation's shares of Common Stock; issued to the Executive at a price of US$0.02 per share of Common Stock.

These shares of the Corporation's Common Stock shall not be available to be assigned, pledged, sold, lent or in any way alienated for a period of 2 (two) years commencing from the date this Agreement. These shares are restricted under Regulation 144 and shall be held "on book" by the Transfer Agent to the Corporation; for an on behalf of the Executive. The Executive shall not be permitted to request these shares of the Corporation's Common Stock, in certificated form, until the expiration of the 2 (two) years from the date of their issue to the Executive.

4. **BONUS:-**

With respect to each full fiscal year during the Employment Term, the Executive shall be eligible to earn an annual bonus (the "Annual Bonus") in such amount, if any, as determined in the sole discretion of the Board of up to 100% (One hundred percent) of the Executive's Base Salary. In addition, the Executive shall be eligible to participate in the Corporation's bonus and other incentive compensation plans and programs (if any) for the Corporation's senior executives at a level commensurate with his position and may be entitled to bonus payments in addition to the amount set forth hereinabove.

5. **EMPLOYEE BENEFITS:-**

(a) **Benefit Plans.**

The Executive shall be eligible to participate in any employee benefit plan of the Corporation, including, but not limited to, equity, pension, thrift, profit sharing, medical coverage, education, or other retirement or welfare benefits that the Corporation has adopted or may adopt, maintain or contribute to for the benefit of its senior executives, at a level commensurate with his positions, subject to satisfying the applicable eligibility requirements. The Corporation may at any time or from time to time amend, modify, suspend or terminate any employee benefit plan, program or arrangement for any reason in its sole discretion.

(b) **Vacation:-**

The Executive shall be entitled to an annual paid vacation in accordance with the Corporation's policy applicable to senior executives from time to time in effect, but in no event less than two weeks per calendar year (as prorated for partial years), which vacation may be taken at such times as the Executive elects with due regard to the needs of the Corporation. The carry-over of vacation days shall be in accordance with the Corporation's policy applicable to senior executives from time to time in effect.

(c) **Business and Entertainment Expenses:-**

Upon presentation of appropriate documentation, the Executive shall be reimbursed for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of his duties hereunder, all in accordance with the Corporation's expense reimbursement policy applicable to senior executives from time to time in effect.

(d) **Signing Bonus:-**

Upon execution of this Agreement, the Executive shall be awarded a "Signing" bonus to be settled through the issuance of 9,500,000 (Nine million five hundred thousand) restricted shares of the Corporation's Common Stock and at a price of US$0.02 per share.

These shares of the Corporation's Common Stock shall not be available to be assigned, pledged, sold, lent or in any way alienated for a period of 3 (three) years commencing from the date this Agreement. These shares are restricted under Regulation 144 and shall be held "on book" by the Transfer Agent to the Corporation; for an on behalf of the Executive. The Executive shall not be permitted to request these shares of the Corporation's Common Stock, in certificated form, until the expiration of the 3 (three) years from the date of their issue to the Executive.

(e) **Liability Insurance**

The Corporation undertakes to procure suitable and necessary Director's Liability Insurance for the Executive. The costs of this Insurance are to be borne by the Corporation.

6. **TERMINATION:-**

The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **Disability:-**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of termination due to Disability. For purposes of this Agreement, "Disability" shall mean a determination by the Corporation in accordance with applicable law that due to a physical or mental injury, infirmity or incapacity, the Executive is unable to perform the essential functions of his job with or without accommodation for 180 days (whether or not consecutive) during any 12-month period.

(b) **Death:-**

Automatically upon the date of death of the Executive.

(c) **Cause:-**

Immediately upon written notice by the Corporation to the Executive of a termination for Cause. "Cause" shall mean, as determined by the Board (or its designee) (1) conduct by the Executive in connection with his employment duties or responsibilities that is fraudulent, unlawful or grossly negligent; (2) the willful misconduct of the Executive; (3) the willful and continued failure of the Executive to perform the Executive's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness); (4) the commission by the Executive of any felony (or the equivalent under the law of the People's Republic of China) (other than traffic-related offenses) or any crime involving moral turpitude; (5) violation of any material policy of the Corporation or any material provision of the Corporation's code of conduct, employee handbook or similar documents; or (6) any material breach by the Executive of any provision of this Agreement or any other written agreement entered into by the Executive with the Corporation.

(d) **Without Cause:**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of an involuntary termination without Cause, other than for death or Disability.

(e) **Good Reason.**

On the sixtieth (60th) day following written notice by the Executive to the Corporation of a termination for Good Reason. "Good Reason" shall mean, without the express written consent of the Executive, the occurrence of any the following events unless such events are cured (if curable) by the Corporation within fifteen days following receipt of written notification by the Executive to the Corporation that he intends to terminate his employment hereunder for one of the reasons set forth below: any material reduction or diminution (except temporarily during any period of incapacity due to physical or mental illness) in the Executive's title, authorities, duties or responsibilities or reporting requirements with the Corporation.

7. **CONSEQUENCES OF TERMINATION:-**

(a) **Disability:-**

Upon termination of the Employment Term because of the Executive's Disability, the Corporation shall pay or provide to the Executive (1) any unpaid Base Salary and any accrued vacation through the date of termination; (2) any unpaid Annual Bonus accrued with respect to the fiscal year ending on or preceding the date of termination; (3) reimbursement for any unreimbursed expenses properly incurred through the date of termination; and (4) all other payments or benefits to which the Executive may be entitled under the terms of any applicable employee benefit plan, program or arrangement (collectively, "Accrued Benefits").

(b) **Death:-**

Upon the termination of the Employment Term because of the Executive's death, the Executive's estate shall be entitled to any Accrued Benefits.

(c) **Termination for Cause:-**

Upon the termination of the Employment Term by the Corporation for Cause or by either party in connection with a failure to renew this Agreement, the Corporation shall pay to the Executive any Accrued Benefits.

(d) **Termination without Cause or for Good Reason:-**

Upon the termination of the Employment Term by the Corporation without Cause or by the Executive with Good Reason, the Corporation shall pay or provide to the Executive (1) the Accrued Benefits, and (2) subject to the Executive's execution (and non-revocation) of a general release of claims against the Corporation and its affiliates in a form reasonably requested by the Corporation, (A) continued payment of his Base Salary for 6 (six) months after termination, payable in accordance with the regular payroll practices of the Corporation, but off the payroll; and (B) payment of the Executive's cost of continued medical coverage for (6) six months after termination (subject to the Executive's co-payment of the costs in the same proportion as such costs were shared immediately prior to the date of termination). Payments provided under this Section 7(d) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Corporation.

8. **NO ASSIGNMENT:-.**

This Agreement is personal to each of the Parties. Except as provided below, no Party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other Party hereto; provided, however, that the Corporation may assign this Agreement to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation.

9. **NOTICES**:-

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (1) on the date of delivery if delivered by hand, (2) on the date of transmission, if delivered by confirmed facsimile, (3) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (4) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

MR. R Y LOWENTHAL
Renasa House
170 Oxford Road
Melrose, Gauteng
2126
REPUBLIC OF SOUTH AFRICA

If to the Corporation:

GNCC CAPITAL, INC.
2870 S. Jones Blvd.
Las Vegas
NV 89146

or to such other address as either Party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. **PROTECTION OF THE CORPORATION'S BUSINESS:-**

(a) **Confidentiality:-**

The Executive acknowledges that during the course of his employment by the Corporation (prior to and during the Employment Term) he has and will occupy a position of trust and confidence. The Executive shall hold in a fiduciary capacity for the benefit of the Corporation and shall not disclose to others or use, whether directly or indirectly, any Confidential Information regarding the Corporation, except (i) as in good faith deemed necessary by the Executive to perform his duties hereunder, (ii) to enforce any rights or defend any claims hereunder or under any other agreement to which the Executive is a party, provided that such disclosure is relevant to the enforcement of such rights or defense of such claims and is only disclosed in the formal proceedings related thereto, (iii) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Corporation or by any administrative or legislative body (including a committee thereof) with jurisdiction to order him to divulge, disclose or make accessible such information, provided that the Executive shall give prompt written notice to the Corporation of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Corporation to obtain a protective order or similar treatment, (iv) as to such Confidential Information that shall have become public or known in the Corporation's industry other than by the Executive's unauthorized disclosure, or (v) to the Executive's spouse, attorney and/or his personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"), provided, however, that any disclosure or use of Confidential Information by an Exempt Person shall be deemed to be a breach of this Section 10(a) by the Executive. The Executive shall take all reasonable steps to safeguard the Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive understands and agrees that the Executive shall acquire no rights to any such Confidential Information. "Confidential Information" shall mean information about the Corporation, its subsidiaries and affiliates, and their respective clients and customers that is not disclosed by the Corporation and that was learned by the Executive in the course of his employment by the Corporation, including, but not limited to, any proprietary knowledge, trade secrets, data and databases, formulae, sales, financial, marketing, training and technical information, client, customer, supplier and vendor lists, competitive strategies, computer programs and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information.

(b) **Non-Competition:-**

During the Employment Term and for the one-year period following the termination of the Executive's employment for any reason (the "Restricted Period"), the Executive shall not, directly or indirectly, without the prior written consent of the Corporation, provide employment (including self-employment), directorship, consultative or other services to any business, individual, partner, firm, corporation, or other entity that directly competes with any business conducted by the Corporation or any of its subsidiaries or affiliates on the date of the Executive's termination of employment or within one year of the Executive's termination of employment in the geographic locations where the Corporation and its subsidiaries or affiliates engage or propose to engage in such business (the "Business"). Nothing herein shall prevent the Executive from having a passive ownership interest of not more than 9% (Nine percent) of the outstanding securities of any entity engaged in the Business whose securities are traded on a United States of America - National Securities Exchanges. The Corporation acknowledges that the Executive serves as the President and Chief Executive Officer of North American Gold & Minerals Fund.

(c) **Non-Solicitation of Employees:-**

The Executive recognizes that he possesses and will possess confidential information about other employees of the Corporation and its subsidiaries and affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of the Corporation and its subsidiaries and affiliates. The Executive recognizes that the information he possesses and will possess about these other employees is not generally known, is of substantial value to the Corporation and its subsidiaries and affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by him because of his business position with the Corporation. The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, (i) solicit or recruit any employee of the Corporation or any of its subsidiaries or affiliates (a "Current Employee") or any person who was an employee of the Corporation or any of its subsidiaries or affiliates during the twelve (12) month period immediately prior to the date the Executive's employment terminates (a "Former Employee") for the purpose of being employed by him or any other entity, or (ii) hire any Current Employee or Former Employee.

(d) **Non-Solicitation of Customers:-**

The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, solicit or attempt to solicit (i) any party who is a customer or client of the Corporation or its subsidiaries, who was a customer or client of the Corporation or its subsidiaries at any time during the 12 (twelve) month period immediately prior to the date the Executive's employment terminates or who is a direct customer or client that has been identified and targeted by the Corporation or its subsidiaries for the purpose of marketing, selling or providing to any such party any services or products offered by or available from the Corporation or its subsidiaries, or (ii) any supplier or vendor to the Corporation or any subsidiary to terminate, reduce or alter negatively its relationship with the Corporation or any subsidiary or in any manner interfere with any agreement or contract between the Corporation or any subsidiary and such supplier or vendor.

(e) **Property**:-

The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Corporation or its subsidiaries are the sole property of the Corporation and its subsidiaries ("Corporation Property"). During the Employment Term, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Corporation or its subsidiaries, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Corporation or its subsidiaries, except in furtherance of his duties under this Agreement. When the Executive's employment with the Corporation terminates, or upon request of the Corporation at any time, the Executive shall promptly deliver to the Corporation all copies of Corporation Property in his possession or control.

(f) **Non-Disparagement:-**

Executive shall not, and shall not induce others to, Disparage the Corporation or its subsidiaries or affiliates or their past and present officers, directors, employees or products. "Disparage" shall mean making comments or statements to the press, the Corporation's or its subsidiaries' or affiliates' employees or any individual or entity with whom the Corporation or its subsidiaries or affiliates has a business relationship which would adversely affect in any manner (1) the business of the Corporation or its subsidiaries or affiliates (including any products or business plans or prospects), or (2) the business reputation of the Corporation or its subsidiaries or affiliates, or any of their products, or their past or present officers, directors or employees.

(g) **Cooperation:-**

Subject to the Executive's other reasonable business commitments, following the Employment Term, the Executive shall be available to cooperate with the Corporation and its outside counsel and provide information with regard to any past, present, or future legal matters which relate to or arise out of the business the Executive conducted on behalf of the Corporation and its subsidiaries and affiliates, and, upon presentation of appropriate documentation, the Corporation shall compensate the Executive for any out-of-pocket expenses reasonably incurred by the Executive in connection therewith.

(h) **Equitable Relief and Other Remedies:-**

The Executive acknowledges and agrees that the Corporation's remedies at law for a breach or threatened breach of any of the provisions of this Section 10 would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened or attempted breach, in addition to any remedies at law, the Corporation, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. In addition, without limiting the Corporation's remedies for any breach of any restriction on the Executive set forth in this Section 10, except as required by law, the Executive shall not be entitled to any payments set forth in Section 7(d) hereof if the Executive has breached the covenants applicable to the Executive contained in this Section 10, the Executive will immediately return to the Corporation any such payments previously received under Section 7(d) upon such a breach, and, in the

event of such breach, the Corporation will have no obligation to pay any of the amounts that remain payable by the Corporation under Section 7(d).

(i) **Reformation:-**

If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state. The Executive acknowledges that the restrictive covenants contained in this Section 10 are a condition of this Agreement and are reasonable and valid in temporal scope and in all other respects.

(j) **Survival of Provisions:-**

The obligations contained in this Section 10 shall survive in accordance with their terms the termination or expiration of the Executive's employment with the Corporation and shall be fully enforceable thereafter.

11. **INDEMNIFICATION**:-

The Executive shall be indemnified to the extent permitted by the Corporation's organizational documents and to the extent required by law.

12. **SECTION HEADINGS AND INTERPRETATION:-**

The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Expressions of inclusion used in this agreement are to be understood as being without limitation.

13. **SEVERABILITY:-**

The provisions of this Agreement shall be deemed severable and the invalidity of unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

14. **COUNTERPARTS:-**

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

15. **GOVERNING LAW AND VENUE:-**

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada without regard to its conflicts of law principles. The Parties agree irrevocably to submit to the exclusive jurisdiction of the federal courts or, if no federal jurisdiction exists, the state courts, located in the City of New York, Borough of Manhattan, for the purposes of any suit, action or other proceeding brought by any Party arising out of any breach of any of the provisions of this Agreement and hereby waive, and agree not to assert by way of motion, as a defense or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the provisions of this Agreement may not be enforced in or by such courts. **IN ADDITION, THE PARTIES AGREE TO WAIVE A TRIAL BY JURY.**

16. **ENTIRE AGREEMENT:-**

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

17. **WAIVER AND AMENDMENT:-**

No provision of this Agreement may be modified, amended, waived or discharged unless such waiver, modification, amendment or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either Party at any time of any breach by the other Party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver or similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

18. **WITHHOLDING:-**

The Corporation may withhold from any and all amounts payable under this Agreement such federal, state, local and foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

19. **AUTHORITY AND NON-CONTRAVENTION**:-

The Executive represents and warrants to the Corporation that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him form entering into this Agreement or performing all of his obligations hereunder.

20. **COUNTERPARTS**:-

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

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

GNCC CAPITAL, INC.



_____

By: RONALD YADIN LOWENTHAL
Title: SOLE DIRECTOR

THE EXECUTIVE



_____

RONALD YADIN LOWENTHAL



THIS ANNEXED AGREEMENT IS PRIVILIGED.

IT HAS NOT BEEN FILED WITH ANY REGULATORS, NOR IS IT IN THE PUBLIC DOMAIN

PRIMARY SIGNATORIES TO THIS AGREEMENT HAVE BEEN DELETED FOR THE PURPOSES OF THIS PRESENTATON OF INFORMATION

EMPLOYMENT AND SERVICE AGREEMENT

This employment agreement (this "Agreement"), dated as of September 9, 2011 (the "Effective Date"), is made by and between GNCC Capital, Inc., a Delaware corporation (the "Corporation"), and Nicolaas Edward Blom (the "Executive") (each, a "Party" and together, the "Parties").

WHEREAS, the Executive is employed as President and Chief Executive Officer of the Corporation; and

WHEREAS, the Parties wish to establish the terms of the Executive's employment by the Corporation;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. **POSITION/DUTIES:-**

(a) During the Employment Term (as defined in Section 2 below), the Executive shall serve as President and as the Chief Executive Officer of the Corporation. In this capacity the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other reasonable duties and responsibilities as the Board of Directors of the Corporation (the "Board") shall designate. The Executive shall report directly to the Board of Directors of the Corporation. The Executive shall obey the lawful directions of the Board and shall use his diligent efforts to promote the interests of the Corporation and to maintain and promote the reputation thereof.

(b) During the Employment Term, the Executive shall use his best efforts to perform his duties under this Agreement and shall as much of his time energy and skill in the performance of his duties with the Corporation.

2. **EMPLOYMENT TERM:-**

Except for earlier termination as provided in Section 6, the Executive's employment under this Agreement shall be for a **two-year term** commencing on the Effective Date (the "Employment Term").

3. **BASE SALARY:-**

The Corporation agrees to pay to the Executive a base salary at an annual rate of not less than US$50,000 (Fifty thousand dollars), payable in accordance with the regular payroll practices of the Corporation. The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof). The base salary as determined herein from time to time shall constitute "Base Salary" for purposes of this Agreement**.** It is recorded that the Executive shall receive the full settlement of his first 2 (two) years' base salary through the issue by the Corporation to the Executive of an amount of 2 000,000 (Two million) restricted shares of the Corporation's shares of Common Stock; issued to the Executive at Par Value.

4. **BONUS:-**

With respect to each full fiscal year during the Employment Term, the Executive shall be eligible to earn an annual bonus (the "Annual Bonus") in such amount, if any, as determined in the sole discretion of the Board of up to 100% (One hundred percent) of the Executive's Base Salary. In addition, the Executive shall be eligible to participate in the Corporation's bonus and other incentive compensation plans and programs (if any) for the Corporation's senior executives at a level commensurate with his position and may be entitled to bonus payments in addition to the amount set forth hereinabove.

5. **EMPLOYEE BENEFITS:-**

(a) **Benefit Plans.**

The Executive shall be eligible to participate in any employee benefit plan of the Corporation, including, but not limited to, equity, pension, thrift, profit sharing, medical coverage, education, or other retirement or welfare benefits that the Corporation has adopted or may adopt, maintain or contribute to for the benefit of its senior executives, at a level commensurate with his positions, subject to satisfying the applicable eligibility requirements. The Corporation may at any time or from time to time amend, modify, suspend or terminate any employee benefit plan, program or arrangement for any reason in its sole discretion.

(b) **Vacation:-**

The Executive shall be entitled to an annual paid vacation in accordance with the Corporation's policy applicable to senior executives from time to time in effect, but in no event less than two weeks per calendar year (as prorated for partial years), which vacation may be taken at such times as the Executive elects with due regard to the needs of the Corporation. The carry-over of vacation days shall be in accordance with the Corporation's policy applicable to senior executives from time to time in effect.

(c) **Business and Entertainment Expenses:-**

Upon presentation of appropriate documentation, the Executive shall be reimbursed for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of his duties hereunder, all in accordance with the Corporation's expense reimbursement policy applicable to senior executives from time to time in effect.

(d) **Signing Bonus:-**

Upon execution of this Agreement, the Executive shall be awarded a "Signing" bonus to be settled through the issuance of 10 000 000 (Ten million) restricted shares of the Corporation's Common Stock and at Par Value.

(e) **Liability Insurance**

The Corporation undertakes to procure suitable and necessary Director's Liability Insurance for the Executive. The costs of this Insurance are to be borne by the Corporation.

6. **TERMINATION:-**

The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **Disability:-**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of termination due to Disability. For purposes of this Agreement, "Disability" shall mean a determination by the Corporation in accordance with applicable law that due to a physical or mental injury, infirmity or incapacity, the Executive is unable to perform the essential functions of his job with or without accommodation for 180 days (whether or not consecutive) during any 12-month period.

(b) **Death:-**

Automatically upon the date of death of the Executive.

(c) **Cause:-**

Immediately upon written notice by the Corporation to the Executive of a termination for Cause. "Cause" shall mean, as determined by the Board (or its designee) (1) conduct by the Executive in connection with his employment duties or responsibilities that is fraudulent, unlawful or grossly negligent; (2) the willful misconduct of the Executive; (3) the willful and continued failure of the Executive to perform the Executive's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness); (4) the commission by the Executive of any felony (other than traffic-related offenses) or any crime involving moral turpitude; (5) violation of any material policy of the Corporation or any material provision of the Corporation's code of conduct, employee handbook or similar documents; or (6) any material breach by the Executive of any provision of this Agreement or any other written agreement entered into by the Executive with the Corporation.

(d) **Without Cause:**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of an involuntary termination without Cause, other than for death or Disability.

(e) **Good Reason.**

On the sixtieth (60th) day following written notice by the Executive to the Corporation of a termination for Good Reason. "Good Reason" shall mean, without the express written consent of the Executive, the occurrence of any the following events unless such events are cured (if curable) by the Corporation within fifteen days following receipt of written notification by the Executive to the Corporation that he intends to terminate his employment hereunder for one of the reasons set forth below: any material reduction or diminution (except temporarily during any period of incapacity due to physical or mental illness) in the Executive's title, authorities, duties or responsibilities or reporting requirements with the Corporation.

7. **CONSEQUENCES OF TERMINATION:-**

(a) **Disability:-**

Upon termination of the Employment Term because of the Executive's Disability, the Corporation shall pay or provide to the Executive (1) any unpaid Base Salary and any accrued vacation through the date of termination; (2) any unpaid Annual Bonus accrued with respect to the fiscal year ending on or preceding the date of termination; (3) reimbursement for any unreimbursed expenses properly incurred through the date of termination; and (4) all other payments or benefits to which the Executive may be entitled under the terms of any applicable employee benefit plan, program or arrangement (collectively, "Accrued Benefits").

(b) **Death:-**

Upon the termination of the Employment Term because of the Executive's death, the Executive's estate shall be entitled to any Accrued Benefits.

(c) **Termination for Cause:-**

Upon the termination of the Employment Term by the Corporation for Cause or by either party in connection with a failure to renew this Agreement, the Corporation shall pay to the Executive any Accrued Benefits.

(d) **Termination without Cause or for Good Reason:-**

Upon the termination of the Employment Term by the Corporation without Cause or by the Executive with Good Reason, the Corporation shall pay or provide to the Executive (1) the Accrued Benefits, and (2) subject to the Executive's execution (and non-revocation) of a general release of claims against the Corporation and its affiliates in a form reasonably requested by the Corporation, (A) continued payment of his Base Salary for 6 (six) months after termination, payable in accordance with the regular payroll practices of the Corporation, but off the payroll; and (B) payment of the Executive's cost of continued medical coverage for (6) six months after termination (subject to the Executive's co-payment of the costs in the same proportion as such costs were shared immediately prior to the date of termination). Payments provided under this Section 7(d) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Corporation.

8. **NO ASSIGNMENT:-.**

This Agreement is personal to each of the Parties. Except as provided below, no Party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other Party hereto; provided, however, that the Corporation may assign this Agreement to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation.

9. **NOTICES**:-

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (1) on the date of delivery if delivered by hand, (2) on the date of transmission, if delivered by confirmed facsimile, (3) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (4) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Mr. Nicolaas Edward Blom
c/o MR. R Y LOWENTHAL
Renasa House
170 Oxford Road
Melrose, Gauteng
2126
REPUBLIC OF SOUTH AFRICA

If to the Corporation:

GNCC Capital Inc
2870 S. Jones Blvd.
Las Vegas
or to such other address as either Party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. **PROTECTION OF THE CORPORATION'S BUSINESS:-**

(a) **Confidentiality:-**

The Executive acknowledges that during the course of his employment by the Corporation (prior to and during the Employment Term) he has and will occupy a position of trust and confidence. The Executive shall hold in a fiduciary capacity for the benefit of the Corporation and shall not disclose to others or use, whether directly or indirectly, any Confidential Information regarding the Corporation, except (i) as in good faith deemed necessary by the Executive to perform his duties hereunder, (ii) to enforce any rights or defend any claims hereunder or under any other agreement to which the Executive is a party, provided that such disclosure is relevant to the enforcement of such rights or defense of such claims and is only disclosed in the formal proceedings related thereto, (iii) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Corporation or by any administrative or legislative body (including a committee thereof) with jurisdiction to order him to divulge, disclose or make accessible such information, provided that the Executive shall give prompt written notice to the Corporation of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Corporation to obtain a protective order or similar treatment, (iv) as to such Confidential Information that shall have become public or known in the Corporation's industry other than by the Executive's unauthorized disclosure, or (v) to the Executive's spouse, attorney and/or his personal tax and financial advisors as

reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"), provided, however, that any disclosure or use of Confidential Information by an Exempt Person shall be deemed to be a breach of this Section 10(a) by the Executive. The Executive shall take all reasonable steps to safeguard the Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive understands and agrees that the Executive shall acquire no rights to any such Confidential Information. "Confidential Information" shall mean information about the Corporation, its subsidiaries and affiliates, and their respective clients and customers that is not disclosed by the Corporation and that was learned by the Executive in the course of his employment by the Corporation, including, but not limited to, any proprietary knowledge, trade secrets, data and databases, formulae, sales, financial, marketing, training and technical information, client, customer, supplier and vendor lists, competitive strategies, computer programs and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information.

(b) **Non-Competition:-**

During the Employment Term and for the one-year period following the termination of the Executive's employment for any reason (the "Restricted Period"), the Executive shall not, directly or indirectly, without the prior written consent of the Corporation, provide employment (including self-employment), directorship, consultative or other services to any business, individual, partner, firm, corporation, or other entity that directly competes with any business conducted by the Corporation or any of its subsidiaries or affiliates on the date of the Executive's termination of employment or within one year of the Executive's termination of employment in the geographic locations where the Corporation and its subsidiaries or affiliates engage or propose to engage in such business (the "Business"). Nothing herein shall prevent the Executive from having a passive ownership interest of not more than 9% (Nine percent) of the outstanding securities of any entity engaged in the Business whose securities are traded on a United States of America - National Securities Exchanges. The Corporation acknowledges that the Executive serves as the director on the Board of ASPA Gold Corp.

(c) **Non-Solicitation of Employees:-**

The Executive recognizes that he possesses and will possess confidential information about other employees of the Corporation and its subsidiaries and affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of the Corporation and its subsidiaries and affiliates. The Executive recognizes that the information he possesses and will possess about these other employees is not generally known, is of substantial value to the Corporation and its subsidiaries and affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by him because of his business position with the Corporation. The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, (i) solicit or recruit any employee of the Corporation or any of its subsidiaries or affiliates (a "Current Employee") or any person who was an employee of the Corporation or any of its subsidiaries or affiliates during the twelve (12) month period immediately prior to the date the Executive's employment terminates (a "Former Employee") for the purpose of being employed by him or any other entity, or (ii) hire any Current Employee or Former Employee.

(d) **Non-Solicitation of Customers:-**

The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, solicit or attempt to solicit (i) any party who is a customer or client of the Corporation or its subsidiaries, who was a customer or client of the Corporation or its subsidiaries at any time during the 12 (twelve) month period immediately prior to the date the Executive's employment terminates or who is a direct customer or client that has been identified and targeted by the Corporation or its subsidiaries for the purpose of marketing, selling or providing to any such party any services or products offered by or available from the Corporation or its subsidiaries, or (ii) any supplier or vendor to the Corporation or any subsidiary to terminate, reduce or alter negatively its relationship with the Corporation or any subsidiary or in any manner interfere with any agreement or contract between the Corporation or any subsidiary and such supplier or vendor.

(e) **Property**:-

The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Corporation or its subsidiaries are the sole property of the Corporation and its subsidiaries ("Corporation Property"). During the Employment Term, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Corporation or its subsidiaries, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Corporation or its subsidiaries, except in furtherance of his duties under this Agreement. When the Executive's employment with the Corporation terminates, or upon request of the Corporation at any time, the Executive shall promptly deliver to the Corporation all copies of Corporation Property in his possession or control.

(f) **Non-Disparagement:-**

Executive shall not, and shall not induce others to, Disparage the Corporation or its subsidiaries or affiliates or their past and present officers, directors, employees or products. "Disparage" shall mean making comments or statements to the press, the Corporation's or its subsidiaries' or affiliates' employees or any individual or entity with whom the Corporation or its subsidiaries or affiliates has a business relationship which would adversely affect in any manner (1) the business of the Corporation or its subsidiaries or affiliates (including any products or business plans or prospects), or (2) the business reputation of the Corporation or its subsidiaries or affiliates, or any of their products, or their past or present officers, directors or employees.

(g) **Cooperation:-**

Subject to the Executive's other reasonable business commitments, following the Employment Term, the Executive shall be available to cooperate with the Corporation and its outside counsel and provide information with regard to any past, present, or future legal matters which relate to or arise out of the business the Executive conducted on behalf of the Corporation and its subsidiaries and affiliates, and, upon presentation of appropriate documentation, the Corporation shall compensate the Executive for any out-of-pocket expenses reasonably incurred by the Executive in connection therewith.

(h) **Equitable Relief and Other Remedies:-**

The Executive acknowledges and agrees that the Corporation's remedies at law for a breach or threatened breach of any of the provisions of this Section 10 would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened or attempted breach, in addition to any remedies at law, the Corporation, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. In addition, without limiting the Corporation's remedies for any breach of any restriction on the Executive set forth in this Section 10, except as required by law, the Executive shall not be entitled to any payments set forth in Section 7(d) hereof if the Executive has breached the covenants applicable to the Executive contained in this Section 10, the Executive will immediately return to the Corporation any such payments previously received under Section 7(d) upon such a breach, and, in the event of such breach, the Corporation will have no obligation to pay any of the amounts that remain payable by the Corporation under Section 7(d).

(i) **Reformation:-**

If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state. The Executive acknowledges that the restrictive covenants contained in this Section 10 are a condition of this Agreement and are reasonable and valid in temporal scope and in all other respects.

(j) **Survival of Provisions:-**

The obligations contained in this Section 10 shall survive in accordance with their terms the termination or expiration of the Executive's employment with the Corporation and shall be fully enforceable thereafter.

11. **INDEMNIFICATION**:-

The Executive shall be indemnified to the extent permitted by the Corporation's organizational documents and to the extent required by law.

12. **SECTION HEADINGS AND INTERPRETATION:-**

The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Expressions of inclusion used in this agreement are to be understood as being without limitation.

13. **SEVERABILITY:-**

The provisions of this Agreement shall be deemed severable and the invalidity of unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

14. **COUNTERPARTS:-**

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

15. **GOVERNING LAW AND VENUE:-**

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada without regard to its conflicts of law principles. The Parties agree irrevocably to submit to the exclusive jurisdiction of the federal courts or, if no federal jurisdiction exists, the state courts, located in the City of New York, Borough of Manhattan, for the purposes of any suit, action or other proceeding brought by any Party arising out of any breach of any of the provisions of this Agreement and hereby waive, and agree not to assert by way of motion, as a defense or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the provisions of this Agreement may not be enforced in or by such courts. **IN ADDITION, THE PARTIES AGREE TO WAIVE A TRIAL BY JURY.**

16. **ENTIRE AGREEMENT:-**

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

17. **WAIVER AND AMENDMENT:-**

No provision of this Agreement may be modified, amended, waived or discharged unless such waiver, modification, amendment or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either Party at any time of any breach by the other Party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver or similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

18. **WITHHOLDING:-**

The Corporation may withhold from any and all amounts payable under this Agreement such federal, state, local and foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

19. **AUTHORITY AND NON-CONTRAVENTION:-**

The Executive represents and warrants to the Corporation that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him form entering into this Agreement or performing all of his obligations hereunder.

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

GNCC Capital, Inc

/s/

By: **Ronald Yadin Lowenthal**
Title: **CHAIRMAN**

THE EXECUTIVE

/s/

Nicolaas Edward "Ted" Blom



THIS ANNEXED AGREEMENT IS PRIVILIGED.

IT HAS NOT BEEN FILED WITH ANY REGULATORS, NOR IS IT IN THE PUBLIC DOMAIN

PRIMARY SIGNATORIES TO THIS AGREEMENT HAVE BEEN DELETED FOR THE PURPOSES OF THIS PRESENTATON OF INFORMATION

Convertible Note

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

10% Convertible Note due 2011

Issue Date: MAY 2, 2010

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ANGEL VEST, LLC or its registered assigns, the principal sum of US$47,460.05 (Forty seven thousand four hundred and sixty dollars and five cents) on May 2, 2011.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: MAY 2, 2010

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$2,000,000 (Seven million one hundred and eighty four thousand dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time at the Conversion Rate then in effect. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

EMPLOYMENT AND SERVICE AGREEMENT

This employment agreement (this "Agreement"), dated as of September 9, 2011 (the "Effective Date"), is made by and between GNCC Capital, Inc., a Delaware corporation (the "Corporation"), and Nicolaas Edward Blom (the "Executive") (each, a "Party" and together, the "Parties").

WHEREAS, the Executive is employed as President and Chief Executive Officer of the Corporation; and

WHEREAS, the Parties wish to establish the terms of the Executive's employment by the Corporation;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. **POSITION/DUTIES:-**

(a) During the Employment Term (as defined in Section 2 below), the Executive shall serve as President and as the Chief Executive Officer of the Corporation. In this capacity the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other reasonable duties and responsibilities as the Board of Directors of the Corporation (the "Board") shall designate. The Executive shall report directly to the Board of Directors of the Corporation. The Executive shall obey the lawful directions of the Board and shall use his diligent efforts to promote the interests of the Corporation and to maintain and promote the reputation thereof.

(b) During the Employment Term, the Executive shall use his best efforts to perform his duties under this Agreement and shall as much of his time energy and skill in the performance of his duties with the Corporation.

2. **EMPLOYMENT TERM:-**

Except for earlier termination as provided in Section 6, the Executive's employment under this Agreement shall be for a **two-year term** commencing on the Effective Date (the "Employment Term").

3. **BASE SALARY:-**

The Corporation agrees to pay to the Executive a base salary at an annual rate of not less than US$50,000 (Fifty thousand dollars), payable in accordance with the regular payroll practices of the Corporation. The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof). The base salary as determined herein from time to time shall constitute "Base Salary" for purposes of this Agreement**.** It is recorded that the Executive shall receive the full settlement of his first 2 (two) years' base salary through the issue by the Corporation to the Executive of an amount of 2 000,000 (Two million) restricted shares of the Corporation's shares of Common Stock; issued to the Executive at Par Value.

4. **BONUS:-**

With respect to each full fiscal year during the Employment Term, the Executive shall be eligible to earn an annual bonus (the "Annual Bonus") in such amount, if any, as determined in the sole discretion of the Board of up to 100% (One hundred percent) of the Executive's Base Salary. In addition, the Executive shall be eligible to participate in the Corporation's bonus and other incentive compensation plans and programs (if any) for the Corporation's senior executives at a level commensurate with his position and may be entitled to bonus payments in addition to the amount set forth hereinabove.

5. **EMPLOYEE BENEFITS:-**

(a) **Benefit Plans.**

The Executive shall be eligible to participate in any employee benefit plan of the Corporation, including, but not limited to, equity, pension, thrift, profit sharing, medical coverage, education, or other retirement or welfare benefits that the Corporation has adopted or may adopt, maintain or contribute to for the benefit of its senior executives, at a level commensurate with his positions, subject to satisfying the applicable eligibility requirements. The Corporation may at any time or from time to time amend, modify, suspend or terminate any employee benefit plan, program or arrangement for any reason in its sole discretion.

(b) **Vacation:-**

The Executive shall be entitled to an annual paid vacation in accordance with the Corporation's policy applicable to senior executives from time to time in effect, but in no event less than two weeks per calendar year (as prorated for partial years), which vacation may be taken at such times as the Executive elects with due regard to the needs of the Corporation. The carry-over of vacation days shall be in accordance with the Corporation's policy applicable to senior executives from time to time in effect.

(c) **Business and Entertainment Expenses:-**

Upon presentation of appropriate documentation, the Executive shall be reimbursed for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of his duties hereunder, all in accordance with the Corporation's expense reimbursement policy applicable to senior executives from time to time in effect.

(d) **Signing Bonus:-**

Upon execution of this Agreement, the Executive shall be awarded a "Signing" bonus to be settled through the issuance of 10 000 000 (Ten million) restricted shares of the Corporation's Common Stock and at Par Value.

(e) **Liability Insurance**

The Corporation undertakes to procure suitable and necessary Director's Liability Insurance for the Executive. The costs of this Insurance are to be borne by the Corporation.

6. **TERMINATION:-**

The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **Disability:-**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of termination due to Disability. For purposes of this Agreement, "Disability" shall mean a determination by the Corporation in accordance with applicable law that due to a physical or mental injury, infirmity or incapacity, the Executive is unable to perform the essential functions of his job with or without accommodation for 180 days (whether or not consecutive) during any 12-month period.

(b) **Death:-**

Automatically upon the date of death of the Executive.

(c) **Cause:-**

Immediately upon written notice by the Corporation to the Executive of a termination for Cause. "Cause" shall mean, as determined by the Board (or its designee) (1) conduct by the Executive in connection with his employment duties or responsibilities that is fraudulent, unlawful or grossly negligent; (2) the willful misconduct of the Executive; (3) the willful and continued failure of the Executive to perform the Executive's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness); (4) the commission by the Executive of any felony (other than traffic-related offenses) or any crime involving moral turpitude; (5) violation of any material policy of the Corporation or any material provision of the Corporation's code of conduct, employee handbook or similar documents; or (6) any material breach by the Executive of any provision of this Agreement or any other written agreement entered into by the Executive with the Corporation.

(d) **Without Cause:**

On the thirtieth (30th) day following written notice by the Corporation to the Executive of an involuntary termination without Cause, other than for death or Disability.

(e) **Good Reason.**

On the sixtieth (60th) day following written notice by the Executive to the Corporation of a termination for Good Reason. "Good Reason" shall mean, without the express written consent of the Executive, the occurrence of any the following events unless such events are cured (if curable) by the Corporation within fifteen days following receipt of written notification by the Executive to the Corporation that he intends to terminate his employment hereunder for one of the reasons set forth below: any material reduction or diminution (except temporarily during any period of incapacity due to physical or mental illness) in the Executive's title, authorities, duties or responsibilities or reporting requirements with the Corporation.

7. **CONSEQUENCES OF TERMINATION:-**

(a) **Disability:-**

Upon termination of the Employment Term because of the Executive's Disability, the Corporation shall pay or provide to the Executive (1) any unpaid Base Salary and any accrued vacation through the date of termination; (2) any unpaid Annual Bonus accrued with respect to the fiscal year ending on or preceding the date of termination; (3) reimbursement for any unreimbursed expenses properly incurred through the date of termination; and (4) all other payments or benefits to which the Executive may be entitled under the terms of any applicable employee benefit plan, program or arrangement (collectively, "Accrued Benefits").

(b) **Death:-**

Upon the termination of the Employment Term because of the Executive's death, the Executive's estate shall be entitled to any Accrued Benefits.

(c) **Termination for Cause:-**

Upon the termination of the Employment Term by the Corporation for Cause or by either party in connection with a failure to renew this Agreement, the Corporation shall pay to the Executive any Accrued Benefits.

(d) **Termination without Cause or for Good Reason:-**

Upon the termination of the Employment Term by the Corporation without Cause or by the Executive with Good Reason, the Corporation shall pay or provide to the Executive (1) the Accrued Benefits, and (2) subject to the Executive's execution (and non-revocation) of a general release of claims against the Corporation and its affiliates in a form reasonably requested by the Corporation, (A) continued payment of his Base Salary for 6 (six) months after termination, payable in accordance with the regular payroll practices of the Corporation, but off the payroll; and (B) payment of the Executive's cost of continued medical coverage for (6) six months after termination (subject to the Executive's co-payment of the costs in the same proportion as such costs were shared immediately prior to the date of termination). Payments provided under this Section 7(d) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Corporation.

8. **NO ASSIGNMENT:-.**

This Agreement is personal to each of the Parties. Except as provided below, no Party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other Party hereto; provided, however, that the Corporation may assign this Agreement to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation.

9. **NOTICES**:-

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (1) on the date of delivery if delivered by hand, (2) on the date of transmission, if delivered by confirmed facsimile, (3) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (4) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Mr. Nicolaas Edward Blom
c/o MR. R Y LOWENTHAL
Renasa House
170 Oxford Road
Melrose, Gauteng
2126
REPUBLIC OF SOUTH AFRICA

If to the Corporation:

GNCC Capital Inc
2870 S. Jones Blvd.
Las Vegas
or to such other address as either Party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. **PROTECTION OF THE CORPORATION'S BUSINESS:-**

(a) **Confidentiality:-**

The Executive acknowledges that during the course of his employment by the Corporation (prior to and during the Employment Term) he has and will occupy a position of trust and confidence. The Executive shall hold in a fiduciary capacity for the benefit of the Corporation and shall not disclose to others or use, whether directly or indirectly, any Confidential Information regarding the Corporation, except (i) as in good faith deemed necessary by the Executive to perform his duties hereunder, (ii) to enforce any rights or defend any claims hereunder or under any other agreement to which the Executive is a party, provided that such disclosure is relevant to the enforcement of such rights or defense of such claims and is only disclosed in the formal proceedings related thereto, (iii) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Corporation or by any administrative or legislative body (including a committee thereof) with jurisdiction to order him to divulge, disclose or make accessible such information, provided that the Executive shall give prompt written notice to the Corporation of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Corporation to obtain a protective order or similar treatment, (iv) as to such Confidential Information that shall have become public or known in the Corporation's industry other than by the Executive's unauthorized disclosure, or (v) to the Executive's spouse, attorney and/or his personal tax and financial advisors as

reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"), provided, however, that any disclosure or use of Confidential Information by an Exempt Person shall be deemed to be a breach of this Section 10(a) by the Executive. The Executive shall take all reasonable steps to safeguard the Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive understands and agrees that the Executive shall acquire no rights to any such Confidential Information. "Confidential Information" shall mean information about the Corporation, its subsidiaries and affiliates, and their respective clients and customers that is not disclosed by the Corporation and that was learned by the Executive in the course of his employment by the Corporation, including, but not limited to, any proprietary knowledge, trade secrets, data and databases, formulae, sales, financial, marketing, training and technical information, client, customer, supplier and vendor lists, competitive strategies, computer programs and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information.

(b) **Non-Competition:-**

During the Employment Term and for the one-year period following the termination of the Executive's employment for any reason (the "Restricted Period"), the Executive shall not, directly or indirectly, without the prior written consent of the Corporation, provide employment (including self-employment), directorship, consultative or other services to any business, individual, partner, firm, corporation, or other entity that directly competes with any business conducted by the Corporation or any of its subsidiaries or affiliates on the date of the Executive's termination of employment or within one year of the Executive's termination of employment in the geographic locations where the Corporation and its subsidiaries or affiliates engage or propose to engage in such business (the "Business"). Nothing herein shall prevent the Executive from having a passive ownership interest of not more than 9% (Nine percent) of the outstanding securities of any entity engaged in the Business whose securities are traded on a United States of America - National Securities Exchanges. The Corporation acknowledges that the Executive serves as the director on the Board of ASPA Gold Corp.

(c) **Non-Solicitation of Employees:-**

The Executive recognizes that he possesses and will possess confidential information about other employees of the Corporation and its subsidiaries and affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of the Corporation and its subsidiaries and affiliates. The Executive recognizes that the information he possesses and will possess about these other employees is not generally known, is of substantial value to the Corporation and its subsidiaries and affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by him because of his business position with the Corporation. The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, (i) solicit or recruit any employee of the Corporation or any of its subsidiaries or affiliates (a "Current Employee") or any person who was an employee of the Corporation or any of its subsidiaries or affiliates during the twelve (12) month period immediately prior to the date the Executive's employment terminates (a "Former Employee") for the purpose of being employed by him or any other entity, or (ii) hire any Current Employee or Former Employee.

(d) **Non-Solicitation of Customers:-**

The Executive agrees that, during the Restricted Period, he will not, directly or indirectly, solicit or attempt to solicit (i) any party who is a customer or client of the Corporation or its subsidiaries, who was a customer or client of the Corporation or its subsidiaries at any time during the 12 (twelve) month period immediately prior to the date the Executive's employment terminates or who is a direct customer or client that has been identified and targeted by the Corporation or its subsidiaries for the purpose of marketing, selling or providing to any such party any services or products offered by or available from the Corporation or its subsidiaries, or (ii) any supplier or vendor to the Corporation or any subsidiary to terminate, reduce or alter negatively its relationship with the Corporation or any subsidiary or in any manner interfere with any agreement or contract between the Corporation or any subsidiary and such supplier or vendor.

(e) **Property**:-

The Executive acknowledges that all originals and copies of materials, records and documents generated by him or coming into his possession during his employment by the Corporation or its subsidiaries are the sole property of the Corporation and its subsidiaries ("Corporation Property"). During the Employment Term, and at all times thereafter, the Executive shall not remove, or cause to be removed, from the premises of the Corporation or its subsidiaries, copies of any record, file, memorandum, document, computer related information or equipment, or any other item relating to the business of the Corporation or its subsidiaries, except in furtherance of his duties under this Agreement. When the Executive's employment with the Corporation terminates, or upon request of the Corporation at any time, the Executive shall promptly deliver to the Corporation all copies of Corporation Property in his possession or control.

(f) **Non-Disparagement:-**

Executive shall not, and shall not induce others to, Disparage the Corporation or its subsidiaries or affiliates or their past and present officers, directors, employees or products. "Disparage" shall mean making comments or statements to the press, the Corporation's or its subsidiaries' or affiliates' employees or any individual or entity with whom the Corporation or its subsidiaries or affiliates has a business relationship which would adversely affect in any manner (1) the business of the Corporation or its subsidiaries or affiliates (including any products or business plans or prospects), or (2) the business reputation of the Corporation or its subsidiaries or affiliates, or any of their products, or their past or present officers, directors or employees.

(g) **Cooperation:-**

Subject to the Executive's other reasonable business commitments, following the Employment Term, the Executive shall be available to cooperate with the Corporation and its outside counsel and provide information with regard to any past, present, or future legal matters which relate to or arise out of the business the Executive conducted on behalf of the Corporation and its subsidiaries and affiliates, and, upon presentation of appropriate documentation, the Corporation shall compensate the Executive for any out-of-pocket expenses reasonably incurred by the Executive in connection therewith.

(h) **Equitable Relief and Other Remedies:-**

The Executive acknowledges and agrees that the Corporation's remedies at law for a breach or threatened breach of any of the provisions of this Section 10 would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened or attempted breach, in addition to any remedies at law, the Corporation, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. In addition, without limiting the Corporation's remedies for any breach of any restriction on the Executive set forth in this Section 10, except as required by law, the Executive shall not be entitled to any payments set forth in Section 7(d) hereof if the Executive has breached the covenants applicable to the Executive contained in this Section 10, the Executive will immediately return to the Corporation any such payments previously received under Section 7(d) upon such a breach, and, in the event of such breach, the Corporation will have no obligation to pay any of the amounts that remain payable by the Corporation under Section 7(d).

(i) **Reformation:-**

If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state. The Executive acknowledges that the restrictive covenants contained in this Section 10 are a condition of this Agreement and are reasonable and valid in temporal scope and in all other respects.

(j) **Survival of Provisions:-**

The obligations contained in this Section 10 shall survive in accordance with their terms the termination or expiration of the Executive's employment with the Corporation and shall be fully enforceable thereafter.

11. **INDEMNIFICATION**:-

The Executive shall be indemnified to the extent permitted by the Corporation's organizational documents and to the extent required by law.

12. **SECTION HEADINGS AND INTERPRETATION:-**

The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Expressions of inclusion used in this agreement are to be understood as being without limitation.

13. **SEVERABILITY:-**

The provisions of this Agreement shall be deemed severable and the invalidity of unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

14. **COUNTERPARTS:-**

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

15. **GOVERNING LAW AND VENUE:-**

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Nevada without regard to its conflicts of law principles. The Parties agree irrevocably to submit to the exclusive jurisdiction of the federal courts or, if no federal jurisdiction exists, the state courts, located in the City of New York, Borough of Manhattan, for the purposes of any suit, action or other proceeding brought by any Party arising out of any breach of any of the provisions of this Agreement and hereby waive, and agree not to assert by way of motion, as a defense or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the provisions of this Agreement may not be enforced in or by such courts. **IN ADDITION, THE PARTIES AGREE TO WAIVE A TRIAL BY JURY.**

16. **ENTIRE AGREEMENT:-**

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

17. **WAIVER AND AMENDMENT:-**

No provision of this Agreement may be modified, amended, waived or discharged unless such waiver, modification, amendment or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either Party at any time of any breach by the other Party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver or similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

18. **WITHHOLDING:-**

The Corporation may withhold from any and all amounts payable under this Agreement such federal, state, local and foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

19. **AUTHORITY AND NON-CONTRAVENTION:-**

The Executive represents and warrants to the Corporation that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which could prevent him form entering into this Agreement or performing all of his obligations hereunder.

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

GNCC Capital, Inc

/s/

By: **Ronald Yadin Lowenthal**
Title: **CHAIRMAN**

THE EXECUTIVE

/s/

Nicolaas Edward "Ted" Blom

ADVISORY COMMITTEE MEMBER APPOINTMENT AGREEMENT

ADVISORY COMMITTEE MEMBER APPOINTMENT AGREEMENT ("the Agreement") dated as of November 11, 2011 between:

GNCC Capital Inc., a Delaware Corporation
With its principal address being 848 N. Rainbow, Suite 1460, Las Vegas, NV 89107
("the Corporation")

And

Ben B. Stein, 810 Quinwood Lane, Maitland, Florida 32751
("the Advisory Committee Member").

WITNESSETH

WHEREAS, Advisory Committee Member has established his expertise in, among other things, securities trading in listed and OTC common stocks, listed Put and Call Options, Option Arbitrage, Underwriting, Private Placements, Commodity trading and other Investment Instruments; coupled with an extensive knowledge in managing a Broker/Dealer. In addition to the aforegoing, an additional 12 (Twelve) years of experience specializing in primarily emerging mining and resource stocks.

WHEREAS, the Corporation desires to retain the Advisory Committee Member for a period of 3 (Three) years, commencing from the date of the signature of the Agreement; to perform, as an Advisory Committee Member to the Corporation on the terms set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements, and upon the terms and agreements subject to the conditions hereinafter set forth, the parties do hereby covenant and agree as follows:

Section 1. RETENTION OF THE ADVISORY COMMITTEE MEMBER

The Corporation engages the Advisory Committee Member whom accepts such engagement as an independent contractor, subject to the terms and conditions of this Agreement.

Section 2. SERVICES

The Advisory Committee Member shall provide advisory services to the Corporation and to its Directors in connection with the objectives.

Section 3. COMPENSATION

For services rendered by the Advisory Committee Member pursuant to this Agreement, the Corporation shall remunerate the Advisory Committee Member, as follows:

Sign on Bonus and Compensation for Three Years

Upon signature this Agreement, the Advisory Committee Member shall receive an initial amount of 105,000 (One hundred and five thousand) shares of the Corporation's unrestricted Common stock.

The Advisory Committee Member shall receive additional amounts of 36,000 (Thirty six thousand) shares of the Corporation's unrestricted Common stock on the below-mentioned dates:

1) February 11, 2012.
2) May 11, 2012.
3) August 11, 2012.
4) November 11, 2012.
5) February 11, 2013.
6) May 11, 2013.
7) August 11, 2013.
8) November 11, 2013.
9) February 11, 2014.
10) May 11, 2014.
11) August 11, 2014.

It is recorded that the valuation in respect of the price per share of the Corporation's Common Stock for the purposes of this agreement shall be US$0.07 (Seven cents) only in respect of the shares issued to the Advisory Committee Member for the signing bonus.

It is further recorded that the valuation in respect of the price per share of the Corporation's Common Stock for the purposes of this agreement shall be the closing price in the market on that date that the Corporation's shares of Common Stock are transferred to the Advisory Committee Member by Stelan Real Estate Management, Inc. for an on behalf of the Corporation; in respect of the shares issued to the Advisory Committee Member and only for the additional shares of the Corporation's Common Stock as detailed in this paragraph.

Additional compensation may be forthcoming depending on the contribution provided to the Corporation by the Advisory Committee Member as determined by the Committee of Directors from time to time.

It is recorded that a stockholder of the Corporation, Stelan Real Estate Management, Inc. will provide the Advisory Committee Member with the shares of the Corporation's unrestricted Common Stock as detailed in this agreement.

The Corporation undertakes to reimburse Stelan Real Estate Management, Inc. at the price per share of the Corporation's Common Stock as detailed in this paragraph. Such reimbursement shall be decided upon by the Directors of the Corporation and the Directors of Stelan Real Estate Management, Inc.

Section 4. EXPENSES

The Corporation shall reimburse the Advisory Committee Member up to a maximum of US$250.00 (Two hundred and fifty dollars) per month for phone charges and other miscellaneous expenses incurred in the normal pursuit of the Objectives as outlined in this Agreement.

In the event that the Advisory Committee Member incurs additional expenses while engaged in Corporation business, Advisory Committee Member shall obtain the prior written consent of the President of the Corporation. All such expenses incurred after receiving the prior written approval of the President of the Corporation shall be promptly reimbursed to the Advisory Committee Member.
The Corporation's consent hereunder shall not be unreasonably withheld or delayed. The Advisory Committee Member must provide receipts for all expenses to the Corporation before any reimbursement will be issued to the Advisory Committee Member.

Section 5. ADVISORY COMMITTEE MEMBER OBLIGATIONS

The Advisory Committee Member will be solely responsible for any and all damages or losses with respect to any and all equipment utilized by the Advisory Committee Member in the performance of services under this Agreement, and the Corporation will have no liability of any kind with respect thereto, regardless of cause or fault. Each party hereby indemnifies and holds the other, its directors, officers, agents and employees, harmless from and against any and all claims, actions, demands, damages, liabilities or expenses, including counsel fees against the other, its directors, officers, agents and employees, arising out of the indemnifying party's acts or omissions or breach of this Agreement. This excludes any public statements made by the Corporation that are either inaccurate or untrue in respect of the Advisory Committee Member as well as the Corporations obligations under Section 6 of this agreement.

Section 6. ADVISORY COMMITTEE MEMBER WARRANTIES

The Advisory Committee Member warrants that he is fully qualified to perform the services to the Corporation as described in this Agreement. Furthermore, the Advisory Committee Member warrants that the services performed will conform to generally accepted standards for the type of project involved and that he will use his best efforts to render the services required in a timely and diligent manner. Additionally, the Advisory Committee Member warrants that the rendering of the services hereunder, including any work product resulting from the services will not violate any rights including but not limited to intellectual property rights, of any persons, or laws.

Section 7. PROPRIETARY RIGHTS

The Consultant hereby represents and warrants that all information provided or utilized by the Consultant hereunder does not and shall not directly or indirectly violate or infringe upon any copyright, patent, trade secret or other proprietary or intellectual property right of any third party or contribute to such violation or infringement. The Consultant shall indemnify and hold the Corporation, its officers, directors, employees and agents harmless from and against any and all losses and damages arising out of the breach or claimed breach of the foregoing warranty. The provisions of this Section 7 shall survive termination of this Agreement for any reason.

Section 8. NON DISCLOSURE

The Corporation has determined that the Advisory Committee Member will not have regular or special access to Material Nonpublic Information and is not subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended. Therefore there are no trading restrictions on the Advisory Committee Member's shares of the Corporation's non restricted Common Stock or on any subsequent purchases or sales of the common stock of the Corporation by the Advisory Committee Member. The Directors and Management of the Corporation maintain strict principals of non-disclosure in respect of the Advisory Committee Member's activity contracted for herein. In addition, if the Advisory Committee Member makes any recommendation to the Directors or Management, and that recommendation is material and is accepted and acted upon by the Corporation's Directors, then the Advisory Committee Member shall refrain from trading in the Corporation's shares of Common Stock until full public disclosure of same is made by the Corporation.

Section 9. NO PUBLICITY

Neither the Advisory Committee Member, nor any of his employees or agents shall refer to the Corporation in any manner whatsoever in publicity releases or advertising, including customer lists, or for other promotional purposes, without securing the prior written consent from the Corporation.

Section 10. FULL CO-OPERATION

In connection with the activities of the Advisory Committee Member on behalf of the Corporation, the Corporation will cooperate with the Advisory Committee Member and will furnish the Advisory Committee Member and the Advisory Committee Member's representatives with all information and data concerning the Corporation as may be required in connection with the Advisory Committee Member's services hereunder.

Section 11. REPRESENTATIONS

The Corporation warrants and represents to the Advisory Committee Member that this Agreement does not conflict with any other agreement binding the Corporation. The Corporation warrants and represents to the Advisory Committee Member, that the Corporation is fully authorized to offer and pay the Advisory Committee Member's compensation referred to in Section 3 above.

Section 12. MANAGEMENT

The Corporation agrees to provide the Advisory Committee Member with all historical and current public regulatory filings and such other documentation as is required by the Advisory Committee Member to assist in the compilation of the Corporation's profile on an ongoing basis.

Section 13. BREACH

In the event of a breach of the terms of this Agreement by either party, the breaching party shall have a 10 (ten) day period, after the receipt of written notice of the breach, to remedy any such breach.

Section 14. WAIVER OF AGREEMENT

The failure by the Corporation to exercise any rights or powers hereunder shall not be construed as a waiver thereof. The waiver by the Corporation of a breach of any provision of this Agreement by the Advisory Committee Member shall not operate nor be construed as a waiver of any subsequent breach by the Advisory Committee Member.

Section 15. NOTICES

All notices, requests, demands and other communications which are required or permitted under this Agreement shall be in writing and shall be deemed sufficiently given upon receipt if personally delivered, faxed, sent by recognized national overnight courier or mailed by certified mail, return receipt requested, to the address of the parties set forth above. Such notices shall be deemed to be given (i) when delivered personally, (ii) one day after being sent by overnight courier carrier of (iii) three days after being mailed, respectively, to be addressed as follows:

If to GNCC CAPITAL, INC.:

GNCC CAPITAL, INC
848 N. Rainbow Blvd.
Suite 1460
Las Vegas, NV 89107
E Mail: Corporate@gncc-capital.com

If to the Advisory Committee Member:

BEN B. STEIN
810 Quinwood Lane
Maitland
Florida 32751
E Mail: bbsstein810@msn.com

Section 16. TERMINATION

This Agreement may be terminated prior to the expiration of its term:

A. By mutual written agreement of the parties;

B. By the Corporation or by the Advisory Committee Member, upon 90 (ninety) days written notice; or

C. By the Corporation, immediately, in the event of conduct by the Advisory Committee Member justifying termination, including but limited to, dishonesty or for any breach of any covenant in this Agreement.

Section 17. ASSIGNMENT OF RIGHTS

In consideration of payment to the Advisory Committee Member by the Corporation for work performed by the Advisory Committee Member, any and all operational improvements and process improvements developed by the Advisory Committee Member in the course of performing work for the Corporation shall be the sole and absolute property of the Corporation. All work performed by the Advisory Committee Member for and on behalf of the Corporation shall be deemed to be "work for hire" and any and all right, title and interest the Advisory Committee Member may have in and to any such work is hereby assigned to the Corporation, and the Corporation shall have all ownership rights in and to such work.

Section 18. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon, inure to the benefit of, and shall be enforceable by the Advisory Committee Member and the Corporation and their respective successors and assigns; provided, however, that the rights and obligations of the Advisory Committee Member under this Agreement (with the exception of those rights in Section 3 hereof) shall not be assignable.

Section 19. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada.

Section 20. ENTIRE AGREEMENT - AMENDMENTS

This Agreement contains the entire agreement and understanding between the parties and supersedes and preempts any prior understandings or agreements, whether written or oral. The provisions of this Agreement may be amended or waived only with the prior written consent of the Corporation and the Advisory Committee Member.

Section 21. FURTHER DISCLOSURE BY ADVISORY COMMITTEE MEMBER

The Advisory Committee Member discloses that he purchased an amount of 50,000 (Fifty thousand) shares of the Corporation’s unrestricted Common Stock from Stelan Real Estate Management at a price of US$0.02 per share of Common Stock on October 19, 2011.

ADVISORY COMMITTEE MEMBER APPOINTMENT AGREEMENT

ADVISORY COMMITTEE MEMBER APPOINTMENT AGREEMENT ("the Agreement") dated as of November 11, 2011 between:

GNCC Capital Inc., a Delaware Corporation
With its principal address being 848 N. Rainbow, Suite 1460, Las Vegas, NV 89107
("the Corporation")

And

Jack Reybold, 5060 Tibbett Ave, Riverdale (Bronx), New York 10471
("the Advisory Committee Member").

WITNESSETH

WHEREAS, Advisory Committee Member has established his expertise in, among other things, Securities Trading including Common and Preferred stocks, listed and OTC put and call options, Bonds including Junk Bonds and Distressed Securities, Warrants, Risk Merger Arbitrage, Convertible Arbitrage, and Option Arbitrage.

WHEREAS, the Corporation desires to retain the Advisory Committee Member for a period of 3 (Three) years, commencing from the date of the signature of the Agreement; to perform, as an Advisory Committee Member to the Corporation on the terms set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements, and upon the terms and agreements subject to the conditions hereinafter set forth, the parties do hereby covenant and agree as follows:

Section 1. RETENTION OF THE ADVISORY COMMITTEE MEMBER

The Corporation engages the Advisory Committee Member whom accepts such engagement as an independent contractor, subject to the terms and conditions of this Agreement.

Section 2. SERVICES

The Advisory Committee Member shall provide advisory services to the Corporation and to its Directors in connection with the objectives.

Section 3. COMPENSATION

For services rendered by the Advisory Committee Member pursuant to this Agreement, the Corporation shall remunerate the Advisory Committee Member, as follows:

Sign on Bonus and Compensation for Three Years

Upon signature this Agreement, the Advisory Committee Member shall receive an initial amount of 105,000 (One hundred and five thousand) shares of the Corporation's unrestricted Common stock.

The Advisory Committee Member shall receive additional amounts of 36,000 (Thirty six thousand) shares of the Corporation's unrestricted Common stock on the below-mentioned dates:

1) February 11, 2012.
2) May 11, 2012.
3) August 11, 2012.
4) November 11, 2012.
5) February 11, 2013.
6) May 11, 2013.
7) August 11, 2013.
8) November 11, 2013.
9) February 11, 2014.
10) May 11, 2014.
11) August 11, 2014.

It is recorded that the valuation in respect of the price per share of the Corporation's Common Stock for the purposes of this agreement shall be US$0.07 (Seven cents) only in respect of the shares issued to the Advisory Committee Member for the signing bonus.

It is further recorded that the valuation in respect of the price per share of the Corporation's Common Stock for the purposes of this agreement shall be the closing price in the market on that date that the Corporation's shares of Common Stock are transferred to the Advisory Committee Member by Stelan Real Estate Management, Inc. for an on behalf of the Corporation; in respect of the shares issued to the Advisory Committee Member and only for the additional shares of the Corporation's Common Stock as detailed in this paragraph.

Additional compensation may be forthcoming depending on the contribution provided to the Corporation by the Advisory Committee Member as determined by the Committee of Directors from time to time.

It is recorded that a stockholder of the Corporation, Stelan Real Estate Management, Inc. will provide the Advisory Committee Member with the shares of the Corporation's unrestricted Common Stock as detailed in this agreement.

The Corporation undertakes to reimburse Stelan Real Estate Management, Inc. at the price per share of the Corporation's Common Stock as detailed in this paragraph. Such reimbursement shall be decided upon by the Directors of the Corporation and the Directors of Stelan Real Estate Management, Inc.

Section 4. EXPENSES

The Corporation shall reimburse the Advisory Committee Member up to a maximum of US$250.00 (Two hundred and fifty dollars) per month for phone charges and other miscellaneous expenses incurred in the normal pursuit of the Objectives as outlined in this Agreement.

In the event that the Advisory Committee Member incurs additional expenses while engaged in Corporation business, Advisory Committee Member shall obtain the prior written consent of the President of the Corporation. All such expenses incurred after receiving the prior written approval of the President of the Corporation shall be promptly reimbursed to the Advisory Committee Member.
The Corporation's consent hereunder shall not be unreasonably withheld or delayed. The Advisory Committee Member must provide receipts for all expenses to the Corporation before any reimbursement will be issued to the Advisory Committee Member.

Section 5. ADVISORY COMMITTEE MEMBER OBLIGATIONS

The Advisory Committee Member will be solely responsible for any and all damages or losses with respect to any and all equipment utilized by the Advisory Committee Member in the performance of services under this Agreement, and the Corporation will have no liability of any kind with respect thereto, regardless of cause or fault. Each party hereby indemnifies and holds the other, its directors, officers, agents and employees, harmless from and against any and all claims, actions, demands, damages, liabilities or expenses, including counsel fees against the other, its directors, officers, agents and employees, arising out of the indemnifying party's acts or omissions or breach of this Agreement. This excludes any public statements made by the Corporation that are either inaccurate or untrue in respect of the Advisory Committee Member as well as the Corporations obligations under Section 6 of this agreement.

Section 6. ADVISORY COMMITTEE MEMBER WARRANTIES

The Advisory Committee Member warrants that he is fully qualified to perform the services to the Corporation as described in this Agreement. Furthermore, the Advisory Committee Member warrants that the services performed will conform to generally accepted standards for the type of project involved and that he will use his best efforts to render the services required in a timely and diligent manner. Additionally, the Advisory Committee Member warrants that the rendering of the services hereunder, including any work product resulting from the services will not violate any rights including but not limited to intellectual property rights, of any persons, or laws.

Section 7. PROPRIETARY RIGHTS

The Consultant hereby represents and warrants that all information provided or utilized by the Consultant hereunder does not and shall not directly or indirectly violate or infringe upon any copyright, patent, trade secret or other proprietary or intellectual property right of any third party or contribute to such violation or infringement. The Consultant shall indemnify and hold the Corporation, its officers, directors, employees and agents harmless from and against any and all losses and damages arising out of the breach or claimed breach of the foregoing warranty. The provisions of this Section 7 shall survive termination of this Agreement for any reason.

Section 8. NON DISCLOSURE

The Corporation has determined that the Advisory Committee Member will not have regular or special access to Material Nonpublic Information and is not subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended. Therefore there are no trading restrictions on the Advisory Committee Member's shares of the Corporation's non restricted Common Stock or on any subsequent purchases or sales of the common stock of the Corporation by the Advisory Committee Member. The Directors and Management of the Corporation maintain strict principals of non-disclosure in respect of the Advisory Committee Member's activity contracted for herein. In addition, if the Advisory Committee Member makes any recommendation to the Directors or Management, and that recommendation is material and is accepted and acted upon by the Corporation's Directors, then the Advisory Committee Member shall refrain from trading in the Corporation's shares of Common Stock until full public disclosure of same is made by the Corporation.

Section 9. NO PUBLICITY

Neither the Advisory Committee Member, nor any of his employees or agents shall refer to the Corporation in any manner whatsoever in publicity releases or advertising, including customer lists, or for other promotional purposes, without securing the prior written consent from the Corporation.

Section 10. FULL CO-OPERATION

In connection with the activities of the Advisory Committee Member on behalf of the Corporation, the Corporation will cooperate with the Advisory Committee Member and will furnish the Advisory Committee Member and the Advisory Committee Member's representatives with all information and data concerning the Corporation as may be required in connection with the Advisory Committee Member's services hereunder.

Section 11. REPRESENTATIONS

The Corporation warrants and represents to the Management Committee Member that this Agreement does not conflict with any other agreement binding the Corporation. The Corporation warrants and represents to the Advisory Committee Member, that the Corporation is fully authorized to offer and pay the Advisory Committee Member's compensation referred to in Section 3 above.

Section 12. MANAGEMENT

The Corporation agrees to provide the Management Committee Member with all historical and current public regulatory filings and such other documentation as is required by the Advisory Committee Member to assist in the compilation of the Corporation's profile on an ongoing basis.

Section 13. BREACH

In the event of a breach of the terms of this Agreement by either party, the breaching party shall have a 10 (ten) day period, after the receipt of written notice of the breach, to remedy any such breach.

Section 14. WAIVER OF AGREEMENT

The failure by the Corporation to exercise any rights or powers hereunder shall not be construed as a waiver thereof. The waiver by the Corporation of a breach of any provision of this Agreement by the Advisory Committee Member shall not operate nor be construed as a waiver of any subsequent breach by the Advisory Committee Member.

Section 15. NOTICES

All notices, requests, demands and other communications which are required or permitted under this Agreement shall be in writing and shall be deemed sufficiently given upon receipt if personally delivered, faxed, sent by recognized national overnight courier or mailed by certified mail, return receipt requested, to the address of the parties set forth above. Such notices shall be deemed to be given (i) when delivered personally, (ii) one day after being sent by overnight courier carrier of (iii) three days after being mailed, respectively, to be addressed as follows:

If to GNCC CAPITAL, INC.:

GNCC CAPITAL, INC
848 N. Rainbow Blvd.
Suite 1460
Las Vegas, NV 89107
E Mail: Corporate@gncc-capital.com

If to the Advisory Committee Member:

JACK REYBOLD
5060 Tibbett Ave
Riverdale (Bronx)
New York 10471
E Mail: jackreyb@aol.com

Section 16. TERMINATION

This Agreement may be terminated prior to the expiration of its term:

A. By mutual written agreement of the parties;

B. By the Corporation or by the Advisory Committee Member, upon 90 (ninety) days written notice; or

C. By the Corporation, immediately, in the event of conduct by the Advisory Committee Member justifying termination, including but limited to, dishonesty or for any breach of any covenant in this Agreement.

Section 17. ASSIGNMENT OF RIGHTS

In consideration of payment to the Advisory Committee Member by the Corporation for work performed by the Advisory Committee Member, any and all operational improvements and process improvements developed by the Advisory Committee Member in the course of performing work for the Corporation shall be the sole and absolute property of the Corporation. All work performed by the Advisory Committee Member for and on behalf of the Corporation shall be deemed to be "work for hire" and any and all right, title and interest the Advisory Committee Member may have in and to any such work is hereby assigned to the Corporation, and the Corporation shall have all ownership rights in and to such work.

Section 18. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon, inure to the benefit of, and shall be enforceable by the Advisory Committee Member and the Corporation and their respective successors and assigns; provided, however, that the rights and obligations of the Advisory Committee Member under this Agreement (with the exception of those rights in Section 3 hereof) shall not be assignable.

Section 19. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada.

Section 20. ENTIRE AGREEMENT - AMENDMENTS

This Agreement contains the entire agreement and understanding between the parties and supersedes and preempts any prior understandings or agreements, whether written or oral. The provisions of this Agreement may be amended or waived only with the prior written consent of the Corporation and the Advisory Committee Member.

Section 21. FURTHER DISCLOSURE BY ADVISORY COMMITTEE MEMBER

The Advisory Committee Member discloses that he purchased an amount of 100,000 (One hundred thousand) shares of the Corporation’s unrestricted Common Stock from Stelan Real Estate Management at a price of US$0.10 per share of Common Stock on October 18, 2011.

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 11,192,480 (Eleven million one hundred and ninety two thousand four hundred and eighty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

HIGHWAVE MANAGEMENT CORP.

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

STREETSIDE HOLDINGS AG

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

INSIGHT HOLDINGS, S.A.

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 11,192,480 (Eleven million one hundred and ninety two thousand four hundred and eighty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

EMERALD INTERNATIONAL CORPORATION

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

SAFFRON VENTURES GmbH

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

LIBERTY INVESTMENT SERVICES, LTD.

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 11,192,480 (Eleven million one hundred and ninety two thousand four hundred and eighty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

MACY OCEAN ENTERPRISES, INC.

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

NEUTRAL BAY INVESTMENTS, S.A.

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

DIAMOND PEAK RESOURCE CORPORATION

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

GNCC CAPITAL, INC.

SHAREHOLDER STOCK TRANSFER, DISPOSAL AND ASSIGNMENT RESTRICTIVE AGREEMENT

The undersigned shareholder ("Shareholder") of GNCC Capital, Inc., a Delaware corporation ("Company"), for good and valuable consideration and intending to be legally bound hereby, enters into the following agreement for the benefit of the Company and all other shareholders of the Company who enter into substantially similar agreements during the term of this Agreement.

1. The Shareholder has acquired 12,591,540 (Twelve million five hundred and ninety one thousand five hundred and forty) restricted shares of Common Stock, $0.00001 par value, of the Company (the "Restricted Shares"). Shareholder hereby agrees that, from the date of the issue of the shares of the Company's Common Stock to themselves, for a period of 2 (Two) years thereafter (the "Restricted Period"), Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber any of the Restricted Shares. Shareholder undertakes that the Restricted Shares will be held by the Transfer Agent "on book" for themselves and they may not request any of the Restricted Shares in certificate form.

   It is recorded that the Shareholder acquired the Restricted Shares on the dates set forth below:

   a) May 3, 2010; and on
   b) September 2, 2010; and on
   c) September 29, 2010; and on
   d) December 2, 2010

2. For the period following the end of the Restricted Period, Shareholder will not sell, alienate, pledge, assign, transfer, convey or in any way encumber more than 5% (Five percent) of its shares of the Restricted Shares during any consecutive period of 90 (ninety) days.

3. Paragraphs 1 and 2 shall apply to the Restricted Shares, even after such shares may have become free-trading pursuant to Rule 144, an effective SEC registration statement or some other cause. Shareholder understands that the certificates for the Restricted Shares shall bear a restrictive legend and that stop transfer instructions shall be issued to the Company's Transfer Agent.

4. The Company and each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement shall each be third party beneficiaries of this Agreement and shall have standing to enforce this Agreement.

5. This agreement cannot be varied in any manner unless agreed to in writing by the majority of the Board of Directors of the Company; and by each other holder of restricted shares of the Company who executes and delivers a substantially similar agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada (other than conflict-of-laws principles). Shareholder hereby consents to the jurisdiction of the State and Federal courts sitting in Clark County, Nevada, for all cases and controversies arising from this Agreement and acknowledges that said courts are not "inconvenient forums."

IN WITNESS WHEREOF, Shareholder has executed and delivered this Agreement as of the day and year set forth below.

WESTERN TREASURE HOLDINGS CORP.

/Signature/

By_____
DULY AUTHORIZED
Date: December 1, 2011

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MIDDLE VERDE DEVELOPMENT CO., LLC or its registered assigns, the principal sum of US$390,567 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$390,567 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$781,134 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$337,303 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$449,739 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS, AG or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL, LTD. or its registered assigns, the principal sum of US$393,520 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNAL CORPORATION or its registered assigns, the principal sum of US$449,739 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD. or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$449,739 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP. or its registered assigns, the principal sum of US$505,956 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$199,980 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$199,980 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$96,002 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$128,002 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS, AG or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL, LTD. or its registered assigns, the principal sum of US$112,003 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNAL CORPORATION or its registered assigns, the principal sum of US$128,002 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD. or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$128,003 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: MAY 3, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP. or its registered assigns, the principal sum of US$144,004 on May 2, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after May 2, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$233,200 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ANACONDA EXPLORATION, LLC or its registered assigns, the principal sum of US$233,200 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$233,200 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$198,024 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$264,032 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS, AG or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL LTD. or its registered assigns, the principal sum of US$231,028 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$264,032 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES LTD. or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$264,032 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP. or its registered assigns, the principal sum of US$297,036 on September 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$89,500 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ANACONDA EXPLORATION, LLC or its registered assigns, the principal sum of US$89,500 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$179,000 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$86,520 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$115,369 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- 撚 ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL, LTD. or its registered assigns, the principal sum of US$100,940 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$115,351 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES, LTD. or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$115,360 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: SEPTEMBER 29, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP. or its registered assigns, the principal sum of US$129,780 on September 28, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after September 28, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SEARCHLIGHT EXPLORATION, LLC or its registered assigns, the principal sum of US$89,500 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MIDDLE VERDE DEVELOPMENT CO., LLC or its registered assigns, the principal sum of US$89,500 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STELAN REAL ESTATE MANAGEMENT, INC. or its registered assigns, the principal sum of US$179,000 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to CASTLEWOOD CAPITAL GROUP, S.A. or its registered assigns, the principal sum of US$86,520 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to HIGHWAVE MANAGEMENT CORP. or its registered assigns, the principal sum of US$115,369 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to STREETSIDE HOLDINGS AG or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to ARTCO CAPITAL, LTD. or its registered assigns, the principal sum of US$100,940 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to INSIGHT HOLDINGS, S.A. or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to EMERALD INTERNATIONAL CORPORATION or its registered assigns, the principal sum of US$115,351 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to SAFFRON VENTURES GmbH or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to LIBERTY INVESTMENT SERVICES, LTD. or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to MACY OCEAN ENTERPRISES, INC. or its registered assigns, the principal sum of US$115,360 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to NEUTRAL BAY INVESTMENTS, S.A. or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to DIAMOND PEAK RESOURCE CORPORATION or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

AMENDED AND RESTATED CONVERTIBLE LOAN NOTE

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF GNCC CAPITAL, INC. (THE "COMPANY") THAT THIS NOTE MAY NOT BE RESOLD, PLEDGED OR OTHERWISE, OTHER THAN (1) TO THE COMPANY, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) TO AN INSTITUTIONAL ACCREDITED INVESTOR" AS DEFINED IN RULE 501 (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR") THAT IS ACQUIRING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION, AND THAT, PRIOR TO SUCH TRANSFER, DELIVERS TO THE COMPANY AND THE AGENT A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER MAY BE OBTAINED FROM THE AGENT), (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, (5) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES PRIOR TO A TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (6) ABOVE), THE HOLDER OF THIS NOTE MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AND LEGAL OPINIONS AS THEY MAY REASONABLY REQUIRE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER AND THAT IT IS HOLDING THIS NOTE FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION. IN ANY CASE THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTION WITH REGARD TO THIS NOTE OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT AS PERMITTED BY THE SECURITIES ACT.

GNCC CAPITAL, INC.

Amended and Restated
5% (Five percent) Convertible Note due

Original Issue Date: DECEMBER 2, 2010
Amendment Date: DECEMBER 1, 2011

GNCC CAPITAL, INC., a Delaware Corporation promises to pay to WESTERN TREASURE HOLDINGS CORP. or its registered assigns, the principal sum of US$129,780 on December 1, 2014.

This Note shall bear interest as specified in paragraph 1 of this Note. This Note is convertible into shares of common stock as specified in paragraph 7 of this Note at the Conversion Rate.

Additional provisions of this Note are set forth on the following pages of this Note.

Dated: DECEMBER 1, 2011

GNCC CAPITAL, INC.

By



Name: RONALD Y LOWENTHAL
Title: PRESIDENT

Capitalized terms used herein but not defined shall have the meanings assigned to them in Exhibit D attached hereto and incorporated by reference herein unless otherwise indicated.

1. Cash Interest.

   The Company promises to pay interest at the Interest Rate in cash on the principal amount of this Note. The Company will pay cash interest semiannually in arrears on June 30 and December 31 of each year (each an "Interest Payment Date"), beginning on December 31, 2010, to Holders of record at the close of business on the preceding June 15 and December 15 (whether or not a business day) (each a "Regular Record Date"), as the case may be, immediately preceding such Interest Payment Date. Cash interest on the Notes will accrue from the most recent date to which interest has been paid or duly provided or, if no interest has been paid, from the Issue Date. Cash interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay cash interest on overdue principal at the rate borne by the Notes, and it shall pay interest in cash on overdue installments of cash interest at the same rate to the extent lawful. All such overdue cash interest shall be payable on demand. Upon conversion, accrued and unpaid interest shall be deemed paid in full rather than cancelled, extinguished or forfeited.

2. Method of Payment.

   The Company will make payments in respect of the principal of, and cash interest on this Note and in respect of Redemption Prices, if any, to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check or wire transfer payable in such money. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

3. Paying Agent, Conversion Agent and Registrar.

   Initially, the Agent will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Registrar or co-registrar without notice, other than notice to the Agent, which shall initially be an office or agency of the Agent. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Registrar or co-registrar.

4. The Notes

   The Notes are general unsecured subordinated obligations of the Company limited to US$30,000,000 (Thirty million dollars) aggregate principal amount plus any additional accrued interest on these Notes. The Company may incur other Indebtedness, secured or unsecured.

5. Optional Redemption.

This Note is not redeemable prior to December 31, 2010. On and after December 31, 2010, the Company may at its option, redeem the Notes in whole or in part at any time or in part from time to time, in cash. If the Company redeems the Notes at its option, the Notes will be redeemed at a redemption price equal to 100% (One hundred percent) of the principal amount (the "Redemption Price"), plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. If a Redemption Date is after a Regular Record Date but on or prior to the corresponding Interest Payment Date, the accrued and unpaid interest becoming due on such date shall be payable to the Holders of such Notes, or one or more predecessor Notes, registered as such on the relevant Regular Record Date according to their terms, and the Redemption Price shall not include such interest payment. If fewer than all the Notes are to be redeemed, the Agent shall select the particular Notes to be redeemed from the outstanding Notes by lot or shall redeem each note proportionally.

On and after the Redemption Date, interest ceases to accrue on Notes or portions of Notes called for redemption, unless the Company defaults in the payment of the Redemption Price and accrued and unpaid interest.

30 (Thirty) days prior notice of redemption will be given by the Company to the Holders at their registered address of record.

No sinking fund is provided for the Notes.

6. Conversion.

Except as set forth in the next sentence, a Holder of a Note may convert such Note (or any portion thereof equal to US$1,000 or any integral multiple of US$1,000 in excess thereof) into Common Stock at any time on or after December 1, 2014 at the Conversion Rate then in effect. The Note may only be converted prior to that date if such conversion is requested in writing by resolution of the Board of Directors of the Company. If such Note is called for redemption, such conversion right shall terminate at the close of business on the second Business Day prior to the Redemption Date for such Note (unless the Company shall default in making the redemption payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Note is redeemed).

The number of shares of Common Stock issuable upon conversion of a Note shall be determined by dividing the principal amount of the Note or portion thereof surrendered for conversion by US$1,000, and then multiplying the quotient by the Conversion Rate in effect on the Conversion Date. The "Conversion Rate" is based on the average trading price as reported for the 5 (Five) trading days preceding the date of conversion. The Company shall pay cash adjustment in lieu of any fractional share of Common Stock.

To convert a Certificated Note, a Holder must (1) complete and manually sign a conversion notice in the form of Exhibit A hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Company or the Agent and (4) pay any transfer or similar tax, if required.

7. Adjustment of Conversion Rate

The Conversion Rate shall be subject to adjustments, calculated by the Company, from time to time as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be increased by multiplying such Conversion Rate by a fraction:

(1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the Record Date fixed for such determination and the total number of shares constituting such dividend or other distribution, and

(2) The denominator of which shall be the sum of such number of shares.

Such increase shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this paragraph 7(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock (commonly referred to as a "forward split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock (commonly referred to as a "reverse split"), the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be reduced, in each such case, by multiplying such Conversion Rate by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after giving effect to such subdivision or combination and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such subdivision or combination. Such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period of not more than 60 days) to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion Price per share) less than the Current Market Price on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect at the opening of business on the date after such Record Date by a fraction:

(1) the numerator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible), and

(2) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion Price of the convertible securities so offered) would purchase at such Current Market Price.

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which paragraph 7(a) applies) or evidences of its indebtedness or other assets, including securities, but excluding (1) any rights or warrants referred to in paragraph 7(c) and (3) dividends and distributions paid exclusively in cash referred to in paragraph 7(e) (the securities described in foregoing clauses (1)and (2) hereinafter in this paragraph 7(d) called the "excluded securities"), then, in each such case, subject to the second succeeding paragraph of this paragraph 7(d), the Conversion Rate shall be adjusted so that the same shall be equal to the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(1) The numerator of which shall be such Current Market Price, and

(2) The denominator of which shall be the Current Market Price on such date, less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on

Such date of the portion of the securities or other assets so distributed (other than excluded securities) applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date).

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed (other than excluded securities) applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of securities so distributed (other than excluded securities) such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

If the Board of Directors determines the fair market value of any distribution for purposes of this paragraph 7(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution (other than excluded securities), it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to paragraph 7(g) to the extent possible, unless the Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interests of the Holder.

For purposes of this paragraph 7(d) and paragraphs 7(a), 7(b) and 7(c), any dividend or distribution to which this paragraph 7(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which paragraph 7(b) applies, or rights or warrants to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) to which paragraph 7(c) applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which paragraphs 7(a), 7(b) and7(c) apply, respectively (and any Conversion Rate increase required by this paragraph 7(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Rate increase required by paragraphs 7(a), 7(b) and 7(c) with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of paragraph 7(a), (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of paragraph 7(b), and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of paragraph 7(c), and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of paragraph 7(a) and any increase or reduction in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock, cash (excluding any cash that is distributed as part of a distribution referred to in paragraph 7(d) hereof), then and in each such case, immediately after the close of business on such date, the Conversion Rate shall be increased so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such Record Date by a fraction:

(i) The numerator of which shall be equal to the Current Market Price on such Record Date, and

(ii) the denominator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the aggregate amount of the cash distributed and (y) the number of shares of Common Stock outstanding on the Record Date.

In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(f) In case the Company or any of its Subsidiaries pays holders of the Common Stock in respect of a tender offer or exchange offer, other than an odd-lot offer, by the Company or any of its Subsidiaries for shares of Common Stock to the extent that the cash and fair market value of any other consideration included in the payment per share of Common Stock exceeds the Sale Price per share of Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the "Expiration Time"), then, and in each such case, the Conversion Rate shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Rate in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(1) the numerator of which shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(2) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Sale Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such increase (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this paragraph 7(f) to any tender offer or exchange offer would result in an increase in the Conversion Rate, no adjustment shall be made for such tender offer or exchange offer under this paragraph 7(f).

(g) For purposes of this paragraph 7, the following terms shall have the meanings indicated:

"Current Market Price" shall mean the average of the daily Sale Prices per share of Common Stock for the 5 (Five) consecutive Trading Days ending not later than the earlier of the date immediately prior to the date in question and the day before the "ex" date with respect to the issuance, distribution, subdivision or combination requiring such computation. If another issuance, distribution, subdivision or combination to which paragraph 7 applies occurs during the period applicable for calculating "Current Market Price" pursuant to the preceding definition, then "Current Market Price" shall be appropriately adjusted to reflect the impact of such issuance, distribution, subdivision or combination on the Sale Price of the Common Stock during such period. For purposes of this paragraph, the term "ex" date, when used:

(A) With respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Sale Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this paragraph 7, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this paragraph 7 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(2) "Fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean for purposes of this paragraph 7, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(h) The Company may make such increases in the Conversion Rate, in addition to those required by paragraph 7(a), (b), (c), (d), (e) or (f), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 (Twenty) days and the increase is irrevocable during the period and the Board of Directors determines in good faith that such increase would be in the best interests of the Company, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to the Agent and each Holder at the address of such Holder as it appears in the Register a notice of the increase at least 15 (Fifteen) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% (One percent) in the Conversion Price then in effect; provided, however, that any adjustments which by reason of this paragraph 7(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. In the event that, on the date that is five Business Days prior to the maturity of the Notes (whether at Stated Maturity or otherwise), an adjustment has been carried forward pursuant to the preceding sentence but has not yet been taken into account in an adjustment to the Conversion Rate and notwithstanding the first sentence of this paragraph (i), an adjustment to the Conversion Rate will be made on such date in accordance with the relevant paragraph of this paragraph 7. All calculations under this Article 10 shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock. No adjustment in the Conversion Rate shall be required if the Holders participate in the transactions that would otherwise lead to an adjustment in the Conversion Rate pursuant to this paragraph 7.

(j) In any case in which this paragraph 7 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such Holder any amount in cash in lieu of any fraction.

(k) For purposes of this paragraph 7, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(l) Whenever the Conversion Rate is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of paragraph 7(h) for which the notice required by such paragraph has been provided), the Company shall promptly file with the Agent and any Conversion Agent other than the Agent an Officers' Certificate setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officers' Certificate, the Company shall prepare a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective, and shall mail, or cause the Agent to mail, at the Company's expense, such notice to each Holder at the address of such Holder as it appears in the Register within 20 (twenty) days of the effective date of such adjustment. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

8. Denominations; Assignment; Transfer; Exchange.

The Notes are in fully registered form, without coupons, in denominations of US$1,000 of principal amount and whole multiples of US$1,000. The Registrar may require a Holder, in order to assign, transfer or exchange Notes, among other things, to furnish appropriate endorsements and assignment or transfer documents (in the form of Exhibit B or Exhibit C attached hereto, as applicable) and to pay any taxes and fees required by law. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or any Notes for a period of 15 (Fifteen) days before the mailing of a notice of redemption of Notes to be redeemed.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of this Note for all purposes.

10. Unclaimed Money or Notes.

The Agent and the Paying Agent shall return to the Company upon written request any money, Notes or shares of Common Stock held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After such return to the Company, Holders entitled to the money or Notes must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment; Waiver.

Except as set forth below, (i) this Note may be amended with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding. Without the consent of any Holder, the Company and the Agent may amend the Notes to, among other things, cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes or to make any change that does not adversely affect the rights of any Holder. The foregoing notwithstanding, without the consent of the Holder of this Note, no amendment may be made reducing the principal or the Interest Rate of this Note or extending the Stated Maturity of this Note.

12. Defaults and Remedies.

Events of Default include (1) the Company fails to pay when due the principal of any of the Notes at Stated Maturity, upon redemption or otherwise; (2) the Company fails to pay an installment of interest on any of the Notes that continues for 30 (Thirty) days after the date when due; (3) the Company fails to deliver shares of Common Stock, together with cash in lieu of fractional shares, when such Common Stock or cash in lieu of fractional shares is required to be delivered upon conversion of a Note and such failure continues for 10 days after written notice of default is given to the Company by the Agent or to the Company and the Agent by the Holder of such Note; (4) the Company fails to perform or observe any other term, covenant or agreement contained in the Notes for a period of 60 (Sixty) days after written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Agent or to the Company and the Agent by the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes then outstanding (a "Notice of Default"); (5) in the event of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary and (6) the Company's filing of, or any Significant Subsidiaries' filing of, a voluntary petition seeking liquidation, reorganization arrangement, readjustment of debts or for any other relief under the federal bankruptcy code. If an Event of Default (other than an Event of Default specified in clause (5) or (6) of this paragraph 12) occurs and is continuing, the Agent, or the Holders of at least 50% (Fifty percent) in aggregate principal amount of the Notes at the time outstanding, may declare all the Notes to be due and payable immediately. An Event of Default under clause (5) or (6) of this paragraph 12 will result in the Notes becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce this Note, except with the approval of Holders of a majority in aggregate principle amount of the Notes. The Agent may refuse to enforce the Notes unless it receives reasonable indemnity or security.

13. Subordination.

The payment of principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or cash equivalents (or otherwise to the extent Holders accept satisfaction of amounts due by settlement in other than cash or cash equivalents) of all Senior Indebtedness whether outstanding on the date of this Note or thereafter incurred.

14. Agent Dealings with the Company.

The Agent, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Agent.

15. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. GOVERNING LAW.

THIS NOTE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

Exhibit A

CONVERSION NOTICE

To convert this Note into Common Stock of the Company, check the box:

To convert only part of this Note, state the principal amount to be converted (which must be US$1,000 or an integral multiple of US$1,000):

US$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

_____

(Insert other person's social sec. or tax ID no.)

_____

_____

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

☐ If you want the stock certificate made out in another person's name, you are required to complete and deliver to the Conversion Agent a duly completed Transfer Certificate which is in the form of Exhibit B to this Note.

EXHIBIT B

ASSIGNMENT FORM

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with the transfer of this Note, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of this Note presented or surrendered on the date hereof (the "Surrendered Note") for registration of transfer, or for exchange where the Notes issuable upon such transfer or exchange are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Note for the reason checked below:

- ☐ A transfer of the Surrendered Note is made to the Company; or
- ☐ The transfer of the Surrendered Note complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Note is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Note is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, the Surrendered Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

Dated:

_____ _____

_____

Signature(s)

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Notes registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Exhibit C

Transfer Certificate

In connection with any transfer (or exchange or conversion as provided below) of any of the Notes, the undersigned registered owner of this Note hereby certifies with respect to US$_____ principal amount of the above-captioned Notes presented or surrendered on the date hereof (the "Surrendered Notes") for registration of transfer, or for exchange or conversion where the Notes or Common Stock issuable upon such exchange or conversion, as the case may be, are to be registered in a name other than that of the undersigned registered owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Notes for the reason checked below:

- ☐ A transfer of the Surrendered Notes is made to the Company or any Subsidiaries; or
- ☐ The transfer of the Surrendered Notes complies with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or
- ☐ The transfer of the Surrendered Note complies with Rule 501(a)(1), (2), (3) or (7) of Rule 501 under the Securities Act; or
- ☐ The transfer of the Surrendered Notes is pursuant to an effective registration statement under the Securities Act, or
- ☐ The transfer of the Surrendered Notes is pursuant to another available exemption from the registration requirement of the Securities Act,

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Notes are not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act (an "Affiliate").

- ☐ The transferee is an Affiliate of the Company.

DATE:_____

_____

Signature(s)

(If the registered owner is a corporation, partnership or fiduciary, the title of the Person signing on behalf of such registered owner must be stated.)

Exhibit D

Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means the Company until a successor replaces it as agent with respect to the Notes and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Board Resolution" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Agent.

"Business Day" means each day of the year other than a Saturday or a Sunday on which banking institutions are not required or authorized to close in The City of New York.

"Capital Stock" of any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock or other equity issued by that corporation.

"Common Stock" means the Common Stock, par value US$0.00001 per share, of the Company as it exists on the date of this Note. Shares issuable on conversion of Notes shall include only shares of Common Stock or shares of any class or classes of common stock resulting from any reclassification or reclassifications thereof; provided, however, that if at any time there shall be more than one such of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common stock" means any stock of any class of Capital Stock which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer.

"Company" means the party named as the "Company" in the first paragraph of this Note until a successor replaces it pursuant to the applicable provisions of this Note, and, thereafter, "Company" shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

"Conversion Agent" means any person authorized by the Company to convert Notes in accordance with Article 10 hereof. On the date of this Note, the Company hereby appoints the Agent as the Conversion Agent.

"Conversion Price" means US$1,000 divided by the applicable Conversion Rate.

"Conversion Value" for the Notes is equal to the product of (i) the Sale Price per share of the Common Stock on a given day and (ii) the then current Conversion Rate.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Dollar" or "U.S.$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Holder" means a person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means, with respect to any person, without duplication:

(1) all obligations and other liabilities, contingent or otherwise, of such person for borrowed money (including overdrafts) to the extent such obligations and other liabilities would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit and acceptances issued under letter of credit facilities, acceptance facilities or other similar facilities;

(2) all obligations of such person evidenced by bonds, credit or loan agreements, notes, debentures or other similar instruments to the extent such obligations would appear as a liability upon the consolidated balance sheet of such a person in accordance with GAAP;

(3) indebtedness of such person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(4) All obligations and liabilities, contingent or otherwise, in respect of leases of the person required, in conformity with GAAP, to be accounted for as capitalized lease obligations on the consolidated balance sheet of the person;

(5) all net obligations of such person under or in respect of interest rate agreements, currency agreements or other swap, cap floor or collar agreements, hedge agreements, forward contracts or similar instruments or agreements or foreign currency, hedge, exchange or purchase or similar instruments or agreements;

(6) all indebtedness referred to in (but not excluded from) the preceding clauses (1) through (5) of other persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on or with respect to property (including, without limitation, accounts and contract rights) owned by the referent person, even though such person has not assumed or become liable for the payment of such indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured);

(7) All guarantees by such person of indebtedness referred to in this definition or of any other person;

(8) All Redeemable Capital Stock of such person valued at the greater of its voluntary or involuntary maximum fixed purchase price plus accrued and unpaid dividends;

(9) the present value of the obligation of such person as lessee for net rental payments (excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges to the extent included in such rental payments) during the remaining term of the lease included in any such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; and

(10) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (9) above.

"Interest Payment Date" means the date specified in the Notes as the fixed date on which an installment of interest on the Notes is due and payable.

"Interest Rate" means 10% (Ten percent) per annum.

"Issue Date" of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"Notes" mean the Company's convertible Notes due May 3, 2011.

"Officer" means the Chairman of the Board, the Vice Chairman, the Chief Executive Officer, the President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer or the Secretary or any Assistant Treasurer or Assistant Secretary of the Company.

"Officers' Certificate" means a written certificate signed in the name of the Company by any one Officer, and delivered to the Agent

"person" or "Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof, including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business.

"Principal" of a Note means the principal amount due on the Stated Maturity as set forth on the face of the Note.

"Redeemable Capital Stock" means any class of the Company's Capital Stock that, either by its terms, by the terms of any securities into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed (whether by sinking fund or otherwise) prior to the date that is 91 days after the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such date. Securities at any time prior to such date (unless it is convertible or exchangeable solely at the Company's option).

"Redemption Date" or "redemption date" means the date specified for redemption of the Notes in accordance with the terms of this Note.

"Redemption Price" or "redemption price" shall have the meaning set forth in paragraph 5 of this Note.

"Regular Record Date" means, with respect to the interest payable on any Interest Payment Date, the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Rule 144" means Rule 144 under the Securities Act (or any successor provision), as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

"Sale Price" as of any date means the closing per share sale price (or if no closing sale price is reported, the average bid price and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date on the Nasdaq National Market or such other principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers Automated Quotation System or by the National Quotation Bureau Incorporated. In the absence of a quotation, the Company will determine the sale price on the basis of such quotations as the Company considers appropriate.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933 (or any successor statute), as amended from time to time.

"Senior Indebtedness" means any Indebtedness of the Company, unless by the terms of the instrument creating or evidencing such Indebtedness, such Indebtedness is expressly designated equal or junior in right of payment to the Notes.

Notwithstanding the foregoing, "Senior Indebtedness" shall not include:

(a) Indebtedness evidenced by the Notes;

(b) Indebtedness of the Company that by operation of law is subordinate to any general unsecured obligations of the Company;

(c) any liability for federal, state or local taxes or other taxes, owed by the Company.

(d) accounts payable or other liabilities owed or owing by the Company to trade creditors (including guarantees thereof or instruments evidencing such liabilities);

(e) amounts owed by the Company for compensation to employees or for services rendered to the Company;

(f) Indebtedness of the Company to any Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(g) Capital Stock of the Company, including Redeemable Capital Stock; and

(h) Indebtedness of the Company which, when incurred and without regard to any election under Section 1111(b) of Title 11 of the United States Code, is without recourse to the Company.

"Significant Subsidiary" means any Subsidiary that would be, as of the date of the applicable action set forth in this Note, a "significant subsidiary" of the Company within the meaning of Rule 1-02(w) of Regulation S-X promulgated by the SEC.

"Stated Maturity", when used with respect to any Note, means the date specified in such Note as the fixed date on which the principal of such Note is due and payable.

"Subsidiary" means, with respect to any Person, (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, (ii) a partnership in which such Person or a Subsidiary of such Person holds a majority interest in the equity capital or profits of such partnership, or (iii) any other entity (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such entity.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the Common Stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System, or, if the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the Common Stock is then traded.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (its “possessions” including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).